

## Latest outlook for UK red meat supplies

Both beef and veal and sheepmeat production in the UK are forecast to increase over the coming year, this month's market bulletin will explore the UK red meat supplies in more detail.

### Beef and veal

Beef and veal production in the UK during 2016 is forecast to increase on the previous years production levels, this is attributed to British Cattle Movement Service (BCMS) data suggesting calf registrations during 2014 and 2015 were higher than the previous year by 2% and 3% respectively. This resulted in 2.61 million calves being registered in the UK during 2014 compared to 2.56 million in 2013, with the majority of the calves coming into slaughter age range during the coming year, this will have implications on production levels this year.



Consequently cattle slaughterings in the UK during 2016 are forecast to increase 2% on the previous year to 1.96 million head. Heavier prime cattle carcase weights were observed through 2015 and with the expectation that this will continue into 2016 due to low cereal prices and high feed availability, beef and veal production in the UK is forecast to rise by 2% on the previous year to 902,000 tonnes. The slaughter mix of prime cattle during 2015 continued to evolve with steers making up over half of the mix, whilst young bulls accounted for their lowest share of the

slaughter mix since 1990 as more bulls became castrated. With processors and retailers alike concentrating on tight specifications for age, weight, age and conformation, it is expected the evolution of the slaughter mix will continue into 2016.

Import volumes this year are forecast to be above those during 2015, as a result of increased export beef production in Ireland. It is expected the demand for Irish beef will remain robust during 2016 particularly in the retail, foodservice and manufacturing sectors, particularly as the strength of the Sterling against the euro makes Irish beef competitively priced. Consequently beef imports to the UK during 2016 are forecast to increase 2% to 435,000 tonnes. The strength of the Sterling also made it hard for beef exports to compete on the continent during 2015, however some weakening of the Sterling recently may provide exporters with better news for the coming year. Subsequently, with the commodity nature of the cow beef trade, predictions for UK beef exports throughout 2016 indicate exports to increase 2% to 136,000 tonnes.



Notwithstanding improved prospects for beef exports, increased production and imports forecasted during 2016 could result in higher available supplies on the UK market, in turn this could make it challenging for producers. Price developments will largely depend on the demand for beef and with the UK economy strengthening there is a possibility consumers could have more disposable income which could lead to an increase in spending on groceries. However with consumers focusing on

convenience, increased sales of primary beef cuts could be limited. Producers will also have to bear in mind the price penalties placed by many of the major processors and retailers on weight, age, conformation and movement, which has the potential to be major issue for the beef sector for the coming year.

### Sheepmeat



Sheep meat production in 2016 is forecast to rise by 4%, with the sharpest rise expected to happen towards the end of the year, attributed to higher mutton production. With the breeding flock expected to have fallen in 2015, despite ewe slaughterings being well down on the year, prospects for 2016's lamb crop look reasonable given improved lambing percentages compared to 2015. Conditions over the past two years and during tupping were favourable, indicating the prospects for the 2016 lamb crop look good. Although much will depend on weather conditions during lambing season and

rearing rates. Consequently the lamb crop in 2016 is forecast to increase 1% on the previous year to 17.3 million head.

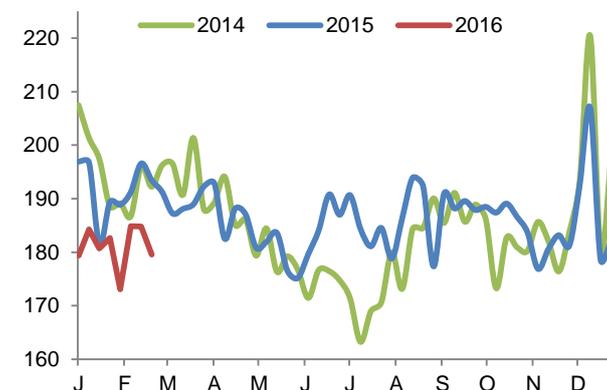
With the New Zealand sheepmeat outlook for 2015/16 suggesting a fall in production, it is expected the overall level of imports to the UK for 2016 will continue to fall as they have done in 2015. However, with the demand for lamb in China expected to have declined, there is a possibility increased shipments could be sent to the EU. For 2016 sheepmeat exports are predicted to increase in line with production as conditions are set to improve, with the Sterling expected to remain weaker against the euro compared to the exchange rate during 2015. This could lead to UK sheepmeat being more competitive on the continent.

Looking ahead supplies of sheepmeat during the year are expected to remain high as the increase in production will not be offset by lower imports and higher exports. With supplies predicted to be plentiful throughout the year, further pressure could be placed on prices, however developments in lamb retail sales during recent months could impede this.

## Beef

### Prices

**Prime cattle prices at auction markets in Wales**  
(p per kg lw)



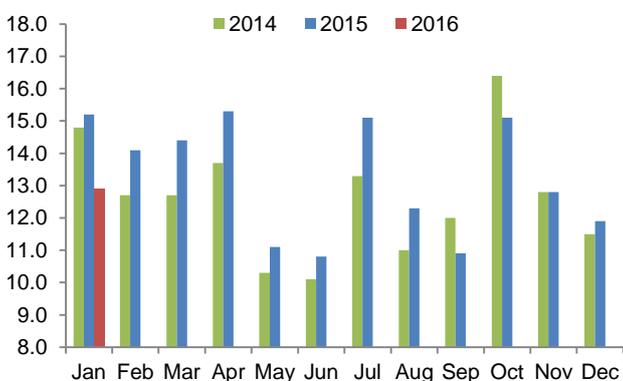
Despite recent stability in prime cattle prices at auction markets in Wales, for the week ending 20<sup>th</sup> February prime cattle average liveweight prices declined 5p on the previous week to 179.6p/kg, some 14p behind prices witnessed the same period the previous year. This fall came despite the number of animals marketed being lower than the previous week, highlighting demand for prime cattle was subdued.

In the meanwhile stability in deadweight cattle prices was confirmed during the week ending 20<sup>th</sup> February as the England and Wales average deadweight steer prices remained at 326.2p/kg. However prices are still tracking substantially behind those witnessed in 2015, in comparison to the same week the previous year prices are behind by 30p. This further identifies the market as being subdued, with consumer demand for beef being submissive.

The GB average deadweight cow price for the week ending 20<sup>th</sup> February declined on the previous week to 195.7p/kg, after building some momentum in prices since the start of the year. Increased throughputs of cows compared to the previous year have impacted the market, a factor which is set to continue given the difficulties within the UK dairy sector.

### Slaughtering

**Total cattle slaughterings at abattoirs in Wales**  
(000 head)



Source: DEFRA

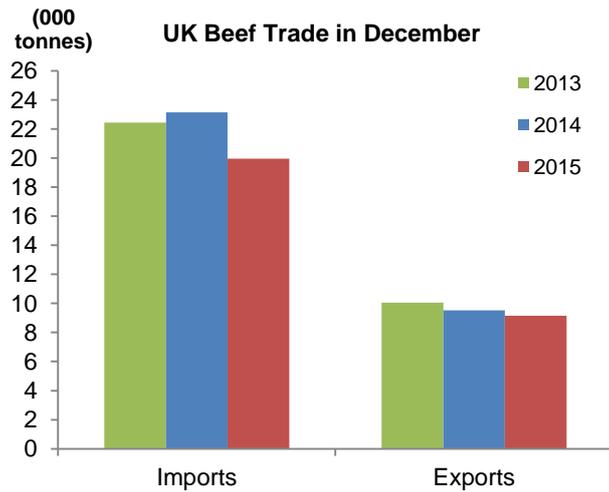
Prime cattle slaughterings in Welsh abattoirs during January stood at 12,900 head, a decline of 15% on the same month the previous year. Heavier carcass weights once again offset production of beef in Wales which stood at 4,100 tonnes, a decline of 7% on January 2015 figures. This is a slow start to the season with the subdued demand for beef and low cattle prices potentially holding back throughputs.

Throughputs of prime cattle in UK abattoirs during January stood at 171,700 head, a decline of 6% on the same month the previous year. Heifers and steers observed a decline in throughputs during January with heifers declining 11% on the previous January's figures of 65,900 head, whilst steers declined by 3% to 90,100 head. In the meanwhile young bull throughputs were level with the same month the previous year at 15,700 head. Heavier carcass weights of steers and heifers

resulted in prime cattle average carcass weights for January to increase 1% to 354.1kg, with overall prime cattle production being offset by this increase and declining 5% on the same month the previous year to 60,800 tonnes.

Slaughterings of adult cattle in the UK for January stood at 57,100 head a decline of 9% on the same month the previous year. Overall this resulted in UK beef and veal production for January to stand at 79,200 tonnes, a decline of 6% on the same month the previous year.

## Trade



Data released by HMRC showed for the month of December UK exports of beef and veal had declined on the same month the previous year by 6% to 9,700 tonnes. Exports to member states varied, with exports to Ireland and France increasing by 7% and 3% respectively, whilst those to the Netherlands, Italy and Belgium declined. For the full 12 months of 2015, beef exports from the UK declined 11% to 100,400 tonnes, with the Sterling's exchange rate with the euro having a bearing effect on trade. However exports to Ireland and France during the 12 months increased on 2014 shipments by 1% and 3% respectively. Key market the Netherlands which accounts for 22% of beef shipments saw exports decline by 34% to 22,200 tonnes.

Imports of beef and veal to the UK during December declined on the same month the previous year by 17% to 21,900 tonnes. Shipments from Ireland declined 13% to 14,900 tonnes, of which accounted for 68% of the total shipments during December. An increase in shipments from the Netherlands, Germany and Poland continued to be witnessed by 12%, 30% and 10% respectively. For the 12 months of 2015 beef and veal imports increased 6% on 2014 imports to 269,400 tonnes, once again the strength of the Sterling against the euro has been a significant influence on imports, making the UK highly attractive for exporters on the continent.

## Retail Figures

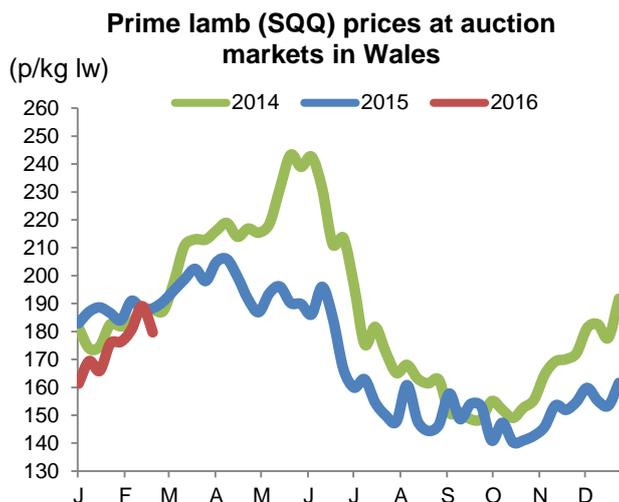
### GB retail sales of beef for 52 weeks ending 3<sup>rd</sup> January 2016



Consumer data reported by Kantar Worldpanel showed the value of total fresh and frozen beef sales in GB retailers during the 52 week period ending 3<sup>rd</sup> January stood at £2.2 billion, a slight decline on the same period the previous year. The volume of fresh and frozen beef purchases in GB retailers declined marginally by 0.5% to 275,700 tonnes, due to consumers purchasing lower volumes of beef per trip. The average price of fresh and frozen beef in GB retailers remained level with the same period the previous year at £7.88/kg.

## Sheep

### Prices

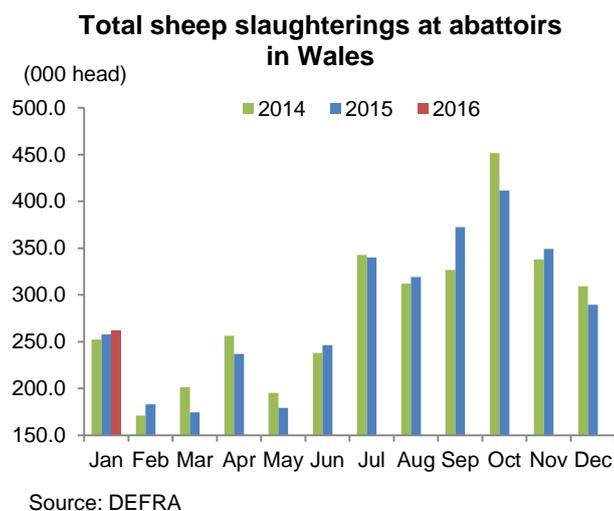


After several weeks of improvement, lamb liveweight prices at auction market in Wales declined during the past week. For the week ending 20<sup>th</sup> February, the Welsh SQQ decreased 9p on the previous week to 179.7p/kg. This came despite market throughputs also declining on the previous week and therefore indicates demand in the market declined as the Sterling to euro exchange rate remained stable. In comparison to prices during the same week the previous year prices were below by 9p.

Deadweight lamb prices in the meanwhile witnessed a sharp increase during recent weeks, however declined slightly by 2p for the week ending 20<sup>th</sup> February to 422.5p/kg. This price was level with the same week the previous year, as deadweight prices have come more in line with those witnessed the previous year.

Cull ewe prices continued to increase and for the week ending 20<sup>th</sup> February the GB average cull ewe price stood at £66.10/ head, however prices are tracking some £9 behind those witnessed the same week the previous year. Marketings of cull ewes appear to be consistently above those witnessed the previous year which is contributing to the decline in prices witnessed and could highlight producer's intentions to reduce their flock numbers.

### Slaughterings



Slaughterings of sheep at Welsh abattoirs in January increased on the same month the previous year by 1% to 261,400 head. Sheepmeat production in Wales also increased during January on the back of heavier carcasse weights by 2% to 4,900 tonnes. For the period May to January sheep slaughterings in Wales were level with the same period the previous year at 2.8 million head.

Prime lamb slaughterings throughout the UK in January declined 6% on January 2015 throughputs, standing at 1.1 million head. This was the fourth consecutive month in which UK prime lamb slaughterings had declined on the same month the previous year. For the May to January period prime lamb slaughterings in the UK were also level with the previous year at 10.1 million head. Average carcasse weights of prime lambs in the UK for January fell slightly on the same month the

previous year by 0.1kg to 19.4kg.

Throughputs of cull ewes and rams during January increased on the same month the previous year by 7% to 146,400 head. Overall lighter carcasse weights and lower lamb throughputs resulted in sheep meat production in the UK through January to decline 6% to 24,300 tonnes.

## Trade



Source: HMRC

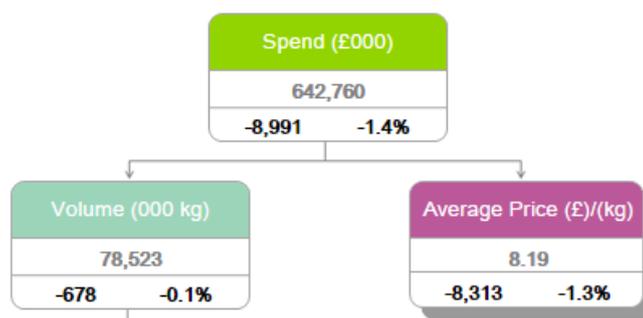
For December, HMRC reported sheep meat exports from the UK declined on the same month the previous year by 20% to 7,200 tonnes. Shipments to key markets France, Germany and Italy were lower than those in December 2014 by 13%, 22% and 26% respectively. UK sheep meat exports for 2015 totalled 79,500 tonnes, this was a decline of 22% on 2014 exports. The decline came from a fall in exports to France which fell 16% on the same month the previous year to 42,700 tonnes, attributed to the strength of the pound and lower consumer demand for lamb due to lower disposable incomes.

Sheep meat imports to the UK during the month of December increased 43% on the same month the previous year to 8,500 tonnes. A significant increase in the volume received from Australia was witnessed, increasing 105% to 2,000 tonnes and accounting for 24% of the total volume of sheep meat imported

during December. Furthermore sheep meat imports from New Zealand increased 32% to 5,600 tonnes. For the 12 months of 2015 sheep meat imports to the UK increased marginally by 0.3% to 92,800 tonnes, with increased shipments being received from New Zealand by 6% to 68,800 tonnes. The strength of the Sterling has made the UK an attractive market for many exporters and as a consequence has increased imports of sheep meat to the UK.

## Retail Figures

### GB retail sales of lamb for 52 weeks ending 3<sup>rd</sup> January 2016

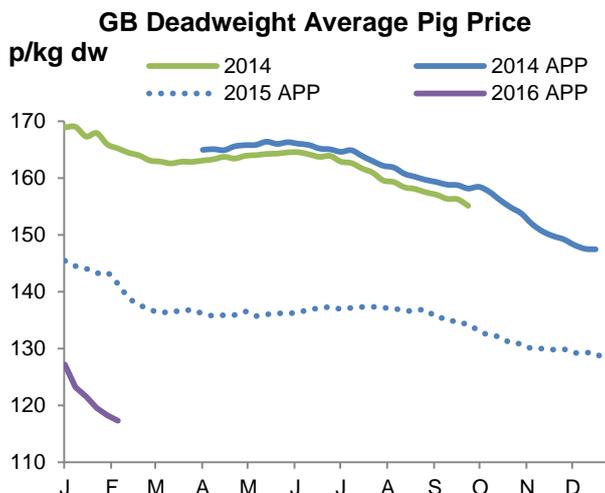


Consumer data on lamb reported by Kantar Worldpanel showed that the value of fresh and frozen lamb sales in GB retailers had declined 1.4% to £642.8 million during the 52 weeks ending 3<sup>rd</sup> January. This can be attributed to the average price of fresh and frozen lamb during the period declining 1.3% on the same period the previous year to £8.19/kg. Furthermore the volume of fresh and frozen lamb sold in GB retailers during the 52 week period end 3<sup>rd</sup> January was level with the same period the previous year at 78,500 tonnes. Although lamb witnessed an increase in the

number of consumers purchasing lamb, the volume purchased per buyer actually declined on the figures the previous year.

## Pork

### Prices



For the week ending 6<sup>th</sup> February the GB EU-spec APP fell for another week by under 1p to 117.3p/kg, this was the eighth consecutive weekly fall in prices, with heavier pigs resulting in supply being excess of demand. Prices are now tracking 24p behind those witnessed the same week the previous year, with the oversupply of pigs across the continent and heavier carcass weights continuing to be a controlling factor in the downward trend of pig prices.

The GB EU-spec SPP in the meanwhile declined for another week to 112.9p/kg to the lowest price recorded since the series began in 2014, pushing prices to 22p below those witnessed the same week the previous year. In the weaner market 30kg weaners averaged £37.20/head, an increase of £1.30 on the previous week, whilst 7kg weaners stood at £29.17/head.

### Slaughterings



Source: DEFRA

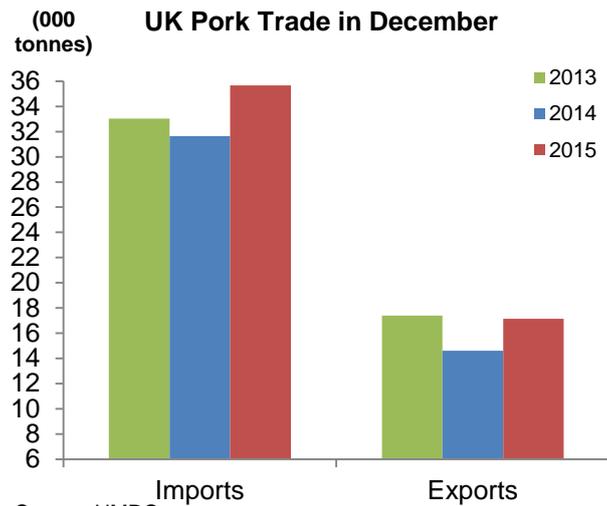
Throughputs of pigs in abattoirs in Wales during January stood at 4,100 head, an increase of 8% on the same month the previous year. However pork production in Wales during January increased 3% on January 2015 levels to 300 tonnes, reflecting lighter carcass weights.

Clean pig slaughtering in UK abattoirs during January stood at 978,800 head an increase of 2% on January 2015's figure and recording the highest January slaughter figure since 2002. Clean pig carcass weights also increased during January and averaged 83.8kg, an increase of 1% or 1kg on the same month the previous year.

Slaughtering of sows and boars in the UK during January increased 14% on the same month the previous year to 25,200 tonnes. This resulted in overall UK pig meat production in January increasing 4% on the same period the previous year

to 85,700 tonnes.

## Trade



Source: HMRC

Imports of pork to the UK during December declined 1% to 32,300 tonnes, with lower shipments received from Denmark, Germany and Belgium by 0.1%, 21% and 22% respectively. Imports from the Netherlands in the meanwhile increased 6% on the same month the previous year to 4,700 tonnes. UK pork imports for 2015 stood at 371,400 tonnes an increase of 4% on the previous year. Imports during this period from Denmark increased by 9% to 97,900 tonnes, accounting for 26% of total pork imports to the UK.

HMRC reported for December exports of pork from the UK increased 1% on December 2015 volumes to 15,200 tonnes. Shipments to a number of member states increased including Ireland, Germany, the Netherlands and Denmark. A trend which has been witnessed for most of the year is an increase in shipments of pork to China, and December was no exception with exports increasing 7% to 2,600 tonnes. For the 12 months of 2015 pork exports from the UK increased 2% on the previous year to 186,100 tonnes.

Imports of pork to the UK during December declined 1% to 32,300 tonnes, with lower shipments received from Denmark, Germany and Belgium by 0.1%, 21% and 22% respectively. Imports from the Netherlands in the meanwhile increased 6% on the same month the previous year to 4,700 tonnes. UK pork imports for 2015 stood at 371,400 tonnes an increase of 4%

## Retail Figures

### GB retail sales of pork for 52 weeks ending 3<sup>rd</sup> January 2016



The performance of pork on the retail market continues to suffer, with consumer data reported by Kantar Worldpanel for 52 weeks ending 3<sup>rd</sup> January showing the value of total fresh and frozen pork sales had decreased 10% to £799.7 million.

This was attributed to the average price of fresh and frozen pork falling 5% to £4.77/kg, whilst the volume purchased also declined by 6% to 167,700 tonnes. The volume decline came as consumers purchased pork less frequently, as well as there being a lower number of consumers purchasing pork.