

Welsh Survey Results for June 2017

The Welsh June 2017 Survey of Agriculture and Horticulture was released by Welsh Government during November. The results showed that the total number of cattle, sheep and pigs on Welsh holdings all increased on the previous year with the sheep number being the highest recorded in over a decade. The total number of cattle and calves in Wales increased 0.3 percent to 1.14 million. Total sheep numbers increased by 2.3 percent to 10.04 million, the first time this figure has been over 10 million since June 2002. Total pig numbers also saw an uplift (5.6 percent) but this was solely driven by increased numbers of fattening pigs as the number of breeding pigs fell by over 8 percent. This month's Market Bulletin will look at these statistics in greater detail.

Cattle

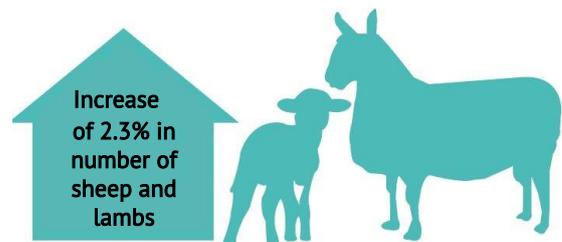
The June results show that the total breeding herd (beef and dairy cattle that have bred) accounted for over a third of total cattle in Wales, standing at 419,000 head. This is the highest combined figure in a decade however within the figure the number of dairy cattle had increased by one percent to stand at 251,176 while the number of beef cattle that had calved decreased by 0.2 percent to 167,828. The slight fall in beef cow numbers should be put in the perspective of numbers being relatively constant for the past 4 years, with any variation being minor. The rise in dairy cow numbers follows a pattern that has been seen since 2011 of consecutive year-on-year growth. This uplift in numbers at a time when dairy holdings have declined highlights how producers within the sector have increase herd sizes.

The information in the release shows that there may be increased supplies of cattle onto the market over the coming months from Welsh holdings as the number of male cattle over 2 years of age was up 3.2 percent at 39,016. There was also increase number of both dairy and beef cattle over 2 years with no offspring on Welsh holdings. The largest increase was seen in beef numbers with an additional 1,900 (or 4.6 percent) being recorded while the dairy increase was 1.7 percent. As always the figures do not show how many of the female cattle will be transferred into the breeding herd but with the uncertainty that currently exists within some sectors following last years EU referendum producers could be looking to both beef and dairy production as a possible opportunity with the UK being significant net importers of both beef and milk.

All types of cattle between 13 and 24 months recorded year-on-year increase in Wales, with males, beef female and dairy females being 0.5, 1.0 and 1.3 percent higher respectively. The number of cattle between 13 and 24 months was the highest recorded on Welsh holdings since 2006 totalling 265,204. Possibly showing the results of last year's poor milk prices the number of female dairy cattle under 1 year saw the largest drop of any cattle category with a 5.8 percent fall (this would account for nearly 4,500 calves), countering this, the number of beef females under 1 year increased by 3,400 to 112,659.

Sheep

The statistics show that the number of sheep and lambs in Wales increased to 10.04 million head in June of this year, an increase of 2.3 percent on the level seen 12 months previous. This increase in the total flock was a consequence of more ewes for future breeding and lambs within the national flock as the other categories of ewes for cull, rams and other sheep (over 1 year) all fell.



The total number of lambs on the ground at June was reported to be 4.89 million, an increase of 3.9 percent. This is a pattern seen across most of the devolved nations, however slaughtering figures are currently behind last year's levels therefore there could be an increased carryover of lambs into 2018. There was a reported increase in the breeding ewe flock of 1.1 percent to nearly 4.7 million head; this would suggest that producers have responded to the improved prices seen in 2016 by increasing their flock numbers. With the increased ewe numbers and the current uncertainty regarding future trading arrangements with the EU it seems clear that having a transition period and ultimately unfettered (or at least favourable) access is vital for the sector especially given the UK's reliance on this particular market for lamb exports.

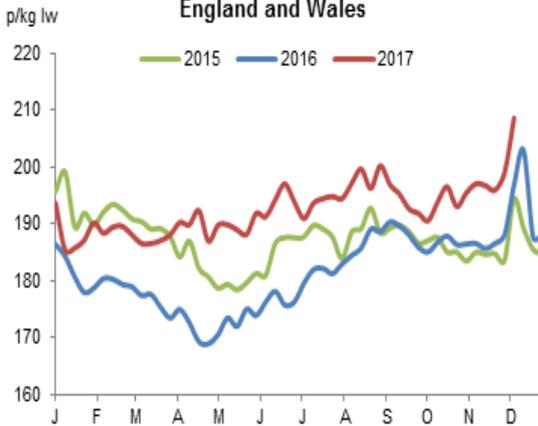
Pigs

As of 01 June 2016 the total number of pigs in Wales was 24,515 head. The figures show that the breeding herd had declined to just over 3,500, the lowest figure seen since 2008. However the total number of fattening pigs on Welsh holdings saw an 8.4 percent increase. This slight contradiction in numbers suggests that either the sows being kept are more productive or that some producers may have decided to supplement farm incomes by diversifying into rearing and finishing units.

MARKET PRICES

CATTLE

Prime cattle prices at auction markets in England and Wales



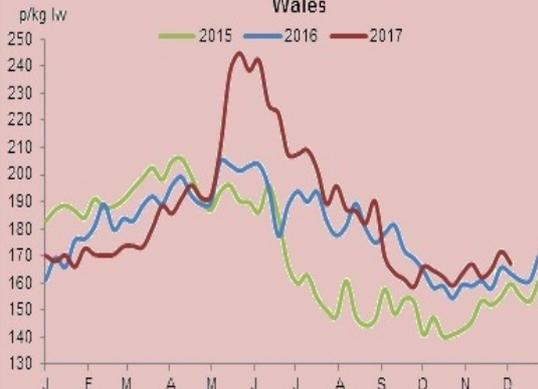
Prime cattle prices at auction markets in England and Wales have seen a general improvement in recent weeks as Christmas and New Year stock is purchased. For the latest week ending 09 December the prime average price stood at 208.7p/kg, this artificially high figure would be a result of the Christmas shows and sales that occur at this time of year. The current price is nearly 10p more than the average the previous week highlighting the impact of the festive shows. For the previous week ending 02 December the average stood at 199.0p/kg, at this price the trade was some 11p above the same week in 2016, a pattern that has manifested itself through the last few months. Within the 199.0p/kg average, the steer price was 193.9p/kg, a 3p uplift on the previous week. There was a more pronounced upsurge for heifers as the average price rose by 5.4p to 208.9p/kg. The only prime cattle category to experience a decline during the week ending 02 December was young bulls which fell by half a penny to average 188.8p/kg.

All three categories of prime cattle saw an uplift in deadweight trade during the week, this as the number of animals being brought forward varied between the different prime types. For the week ending 02 December the steer price in England and Wales increased by almost a penny to average 360.9p/kg, this is the highest average price for the last two months as processors looked to finalise their procurement for the Christmas period. The number of steers in the average was just over 3% down on the week. The heifer average price was 361.9p/kg, an uplift of 0.2p as numbers were slightly up on the week at 6,800 (an uplift of 0.4%). There was a significant fall in young bulls presented of over 10% and this was reflected in the fact that the England Wales average price rose by 0.7p to 341.5p/kg.

Cull cow prices at England and Wales auction markets stood at 107.7p/kg for the week ending 09 December, this is close to 10p above the price seen during the same week last year. Beef sired cows averaged 120.8p/kg while dairy sired cattle stood at 95.3p/kg. The deadweight England and Wales cull cow price for the week ending 02 December was 227.8p/kg, just slightly less than the previous week as numbers increase by nearly 3%.

SHEEP

Prime lamb (SQQ) prices at auction markets in Wales



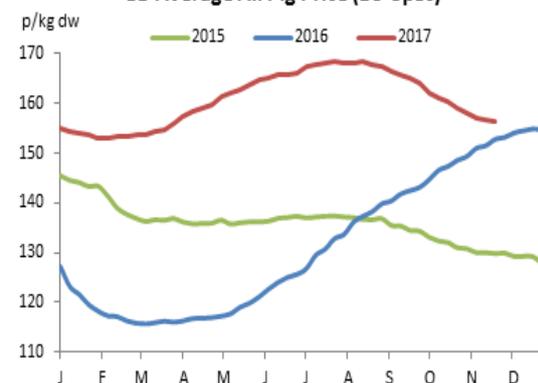
The liveweight lamb trade has seen some seasonal uplift during the last weeks of November and into December however prices eased slightly during the latest week as numbers increased greatly. For the week ending 09 December the average lamb price (SQQ) at auction markets in Wales stood at 167.2p/kg, this is a decrease of 4p on the previous week's average. The number of lambs reported in the SQQ at price recording markets in the latest week was 43% higher than the previous week at 30,189 head which would have been a major factor in the week-on-week fall in price. At the current level trade is almost 4p above the 2016 price for the corresponding week. It should be noted that within the SQQ there was a significant difference in the price paid for the three different categories of lambs – light (25.5kg-32.0kg), standard (32.1kg-39.0kg) and medium (39.1kg-45.5kg) lambs – despite all categories experiencing a weekly fall. The average light price was 150.4p/kg, standard 167.6p/kg and medium 176.6p/kg, highlighting the current demand for heavier lambs within the SQQ bracket.

The lamb deadweight trade has continued to improve in recent weeks, currently averaging just below the 400p mark. For the week ending 09 December the GB deadweight lamb price stood at 398.5p/kg, an increase of over half a penny on the previous week. This recent price means that the average is just over 15p higher than the first week in October. At the latest level the stated price is 8p above the same period last year as UK exporters continue to be competitive on the continent with the favourable exchange rate.

The cull ewe trade has improved slightly during the last month. For the week ending 09 December the price stood at £45.10/head, this was 20p up on the previous week. At the current level prices are just over a £1/head lower than the corresponding week in 2016, significantly less than the differential of £8 which was experienced back in September.

PORK

GB Average All Pig Price (EU-Spec)



The EU-spec APP has continued to ease back week-on-week, a pattern which started in late August. For the week ending 25 November the average stood at 156.2p/kg, some 0.3p lower than the average for the previous week and over 12p lower than the peak price experienced in mid-August. Despite this latest fall, the current level is marginally (3p) above the price during the corresponding week last year but with the two years continuing to converge it does seem likely that the prices will be on par shortly.

For the week ended 02 December, the EU-spec SPP fell by over 1p to stand at 152.0p/kg, the largest weekly fall since the beginning of October. This is the fourteenth consecutive week where there has been a decline in the SPP. The stated price is only 0.7p higher than the equivalent week last year, which is the smallest premium since the series surpassed year earlier levels at the start of August 2016. This latest fall in the price comes even though estimated slaughterings fell, highlighting the current pressures in the sector.

As the deadweight pig price continues to fall so does the weaner price as producers respond to the market. For the week ending 02 December the 30kg weaner average price stood at £59.92, a decrease of over £4.00 on the week. This is the lowest weaner price for this weight since the end of October 2016. For the same week ending, the 7kg weaner average price stood at £40.20, more than a £1 lower than the week earlier.