

# HCC MARKET BULLETIN SUMMARY

JULY 2017

The latest data produced by Kantar Worldpanel shows that the GB volume and value sales of fresh lamb over the 12 week period that ended 21 May was down on the corresponding period last year. Volume sales of fresh beef and pork during the same time were also back however the total value of sales over the period did increase as the average price for the two products was slightly higher than the levels seen in 2016.

This month's Market Bulletin will look at the results in greater detail.

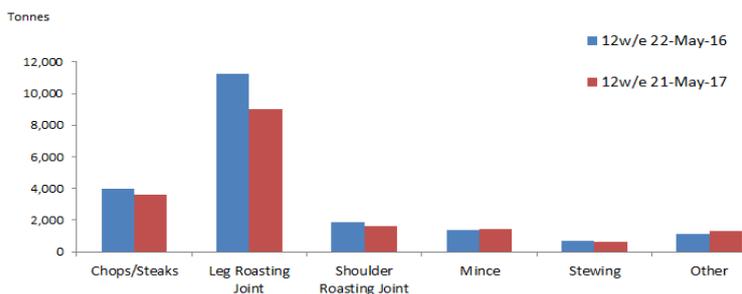
## Lamb

The value of fresh lamb sales for the stated 12 weeks was £148.8 million, down by over £10 million on the corresponding weeks in 2016. The significance of this is that the 12 weeks includes the important Easter period when sales of lamb increase sharply due to traditional consumer buying habits and retail promotional activity. The data from Kantar Worldpanel show that while there was uplift during this Easter period it failed to reach the peaks seen in the last two years.

In total the figures show that the volume of fresh lamb sold was 17,620 tonnes, down nearly 14% (or 2,800 tonnes) on 2016. The average price of the product during the 12 weeks was £8.44/kg, up 65p on the same period in 2016. This highlights how even though retailers did price promotions in the lead up to Easter it did not have such an impact on the total market this year particularly as some outlets look to move away from heavy promotions for pricing models that are more based on continuous competitive levels. The increased average price this year clearly had an impact on the market as the figures show that the total number of buyers decreased by nearly 9%. Other contributing factors to the decline in lamb sales would have been a warmer than average Easter holiday period which would have led some consumers to move away from the traditional roast to a quicker meal solution.

Of the total fall in volume sales during stated period this year, nearly 80% of this came through a decline in sales of leg roasting joints. It should be noted however that this cut still accounted for over half of all lamb sales during the 12 weeks and these figures would be higher again in the immediate weeks prior to Easter. Lamb chops/steaks accounted for just over a fifth of the market at 3,610 tonnes, this was 380 tonnes less than last year and it was a similar story for shoulder roasting joints with decreased sales of 280 tonnes to 1,600 tonnes. In fact the only cut, of sorts, which saw volume growth during the period was lamb mince, which increased its share of the fresh lamb market by over one percentage point to 8.0%

### Retail Fresh Lamb Sales in GB

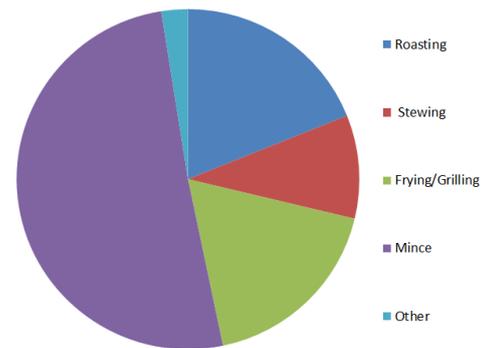


## Beef

The volume of fresh beef sold in GB retailers for the 12 week ending period 21 May 2017 stood at 62,390 tonnes, this would be a modest decline of 240 tonnes (or 0.4%) when compared to the same weeks in 2016. There was an uplift in total spend of 1.5% to £490.1 million however an increase in the average combined price across all beef cuts more than offset the slight fall in volume sold. The average price for the 12 weeks rose by 15p (or 1.9%) to £7.86/kg.

As with lamb, roast beef was the cut which suffered the most when comparing this year's sales figures to last year. The volume of this cut sold declined by over 4% to stand at 11,795 tonnes, this accounted for nearly a fifth of all beef sold during the 12 weeks. The figures suggest that consumers may have moved from the traditional roast to a quicker cut within the beef category as frying/grilling beef sales increased by nearly 3% to account for 18% of all fresh beef sold during the period.

Retail Fresh Beef Cuts sold in GB by volume, 12w/e 21 May 2017



While movements within the category are influenced by the different cuts, mince remains the key player for volume sales within the beef sector. For the 12 week period, fresh beef mince sales totalled 31,670 tonnes, over half the beef category. This figure was down on the same time last year but only slightly which highlights how this particular product has become a staple part of the GB consumer's diet.

## Pork

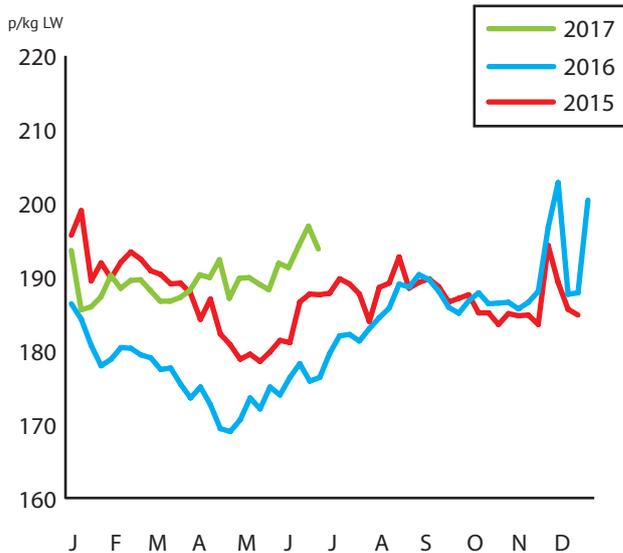
As with beef, fresh pork sales within GB during the 12 weeks saw the volume purchased decrease slightly however due to a higher average price (of 9p to £4.52/kg) the total spend within the category increased. Spend within the fresh pork category stood at £166.6 million, £3.1 million more than the total during the corresponding 12 weeks last year. The volume of fresh pork purchased was 36,830 tonnes, less than 100 tonnes lower than in 2016.

Fresh pork chops/steaks accounted for the highest share (38%) of the pork category for the 12 weeks, with the other main cuts all representing between 8-13% of pork sales.

# MARKET PRICES

## CATTLE

Prime cattle prices at auction markets in England and Wales



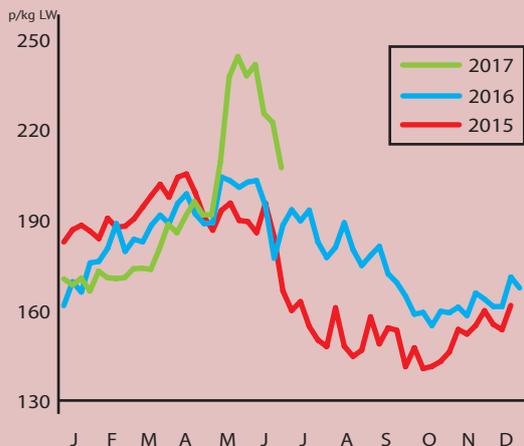
Prime cattle prices at auction markets in England and Wales had showed the expected seasonal improvement of late as processors seek to ensure enough supply of animals in the lead up to the summer period however in the last week prices have eased back slightly. For the latest week ending 01 July the prime average price stood at 193.9p/kg, at this level the price is over 3p down on the week but is still 2p higher than the first week of June. The biggest driving factor within the movement of the average was a fall of 5p within the young bull category as the numbers being marketed through the livestock ring increased by nearly 40% (1,323 head). The young bull average for the latest week was 184.5p/kg. Both the steer and heifer price also decreased but to a lesser extent. The steer average fell by 1.9p to 193.1p/kg while there was a 2.2p decrease in heifer prices to average 203.2p/kg.

The deadweight prime cattle trade has shown a steady increase that has been experienced in the livestock markets over the last month. For the week ending 24 June the steer price in England and Wales increased by 3.3p to average 359.2p/kg, this is the highest average price for these types of animals since February 2015 and at the current level the price is over 42p above last year. Deadweight prices in England and Wales for heifers also increased on the week to average 363.1p/kg, an uplift of 2.5p. Significantly both steer and heifer throughput numbers at these price recording abattoirs were more than 10% less than the previous week. To follow the pattern young bull prices increased as well, to average 349.2p/kg, 4.4p higher than a week earlier.

Cull cow prices at England and Wales auction markets stood at 120.9p/kg for the week ending 01 July, this is some 17p more than the prices experienced for the same week a year ago. The deadweight England and Wales cull cow price for the week ending 24 June was 252.6p/kg, 3.2p above the previous week.

## SHEEP

Prime lamb (SQQ) prices at auction markets in Wales



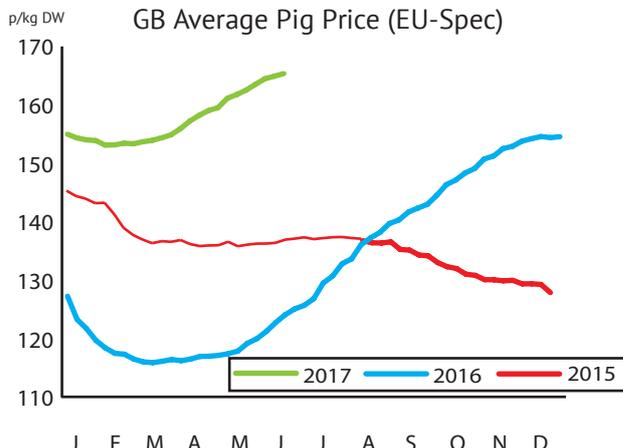
The liveweight lamb trade had held up at historically high levels for much of June, however in the last few weeks price have eased slightly as increased numbers come onto the market. For the latest week ending 01 July the new season lamb SQQ at auction markets in Wales stood at 207.5p/kg, a decrease of 15p on the previous week's average. The latest price is some 35p below the average seen the fortnight before. Despite the latest fall, the level seen is 19p above the average for the corresponding week last year.

The deadweight lamb trade improved during early June but has come back in the last week however the latest price is significantly higher than the level seen last year. For the week ending 24 June the GB deadweight lamb price stood at 487.4p/kg, a fall of 22p on the previous week. It is reported that the deadweight trade has followed the liveweight prices and as such it is expected that the average price will be back again during the week ended 01 July. At the current levels prices are almost 75p above the deadweight price seen during the same week in 2016 which was pre-EU referendum and as such the strength of the Sterling caused some difficulties for UK exporters.

The cull ewe trade had seen an uplift during June as demand increased during the religious festival of Ramadan which came to an end on the 24th June. For the latest week ending 01 July the price did fall to stand at £50.50/head, this was a decrease of £10.50 on the previous week when there was a higher demand for ewes.

## PIGS

GB Average Pig Price (EU-Spec)



The EU-spec APP has continued to improve for another month with continuous week-on-week price increases during June. As has been the pattern for most of this year the increase has come as processors look to secure supply at a time when slaughtering have decreased. For week ending 17 June the average stood at 165.6p/kg, an uplift of almost half a penny on the previous week's price. At this level prices are 4p above the average seen in early May and 41.5p above the same period last year.

For the week ending 24 June the GB EU-spec SPP stood at 162.3p/kg a 0.4p increase on the week, as would be expected the SPP has shown the same pattern as the APP and as such the current average is significantly above last year's corresponding price of 122.2p/kg. The current price levels have not been seen in three years since the new pricing mechanisms were adopted. It is estimated that carcase weights have continued to fall, ending the week at just over 82.5kg.

For the week ending 24 June the 30kg weaner average price stood at £60.25, a decrease of 60p on the week which was the highest price seen for this weight of weaner for over 5 years. For the same week the 7kg weaner average price stood at £44.37, 41p higher than the week earlier. This is a historic high for this category of weaner.