HCC MARKET BULLETIN SUMMARY

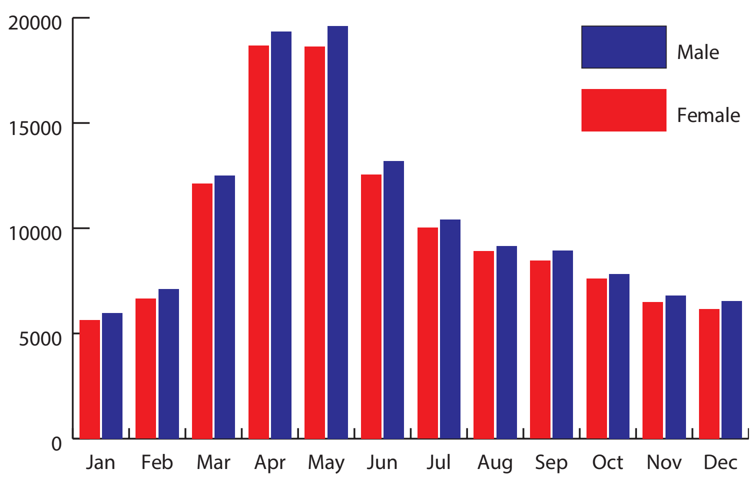
MAY 2017

Calf registration data from British Cattle Movement Service (BCMS) has shown that the total number of beef calves registered on Welsh holdings increased significantly in 2016, while the number of dairy calf registrations decreased. This month's Market Bulletin will look at the results in greater detail.

For 2016 there were nearly a quarter of a million beef calves registered on Welsh holdings, this was an increase of 4.6% (or 11,000 head) on the 2015 total. Within this total, both male and female registrations increased on the year being 127,400 and 121,950 respectively. Dairy calf registrations for the year stood at 139,200 with almost 60% of those being for female calves. Contrary to the pattern seen with beef animals, both male and female dairy registrations saw a decline on the year of 9% and 4% respectively.

Registrations of beef calves in GB as a whole stood at 1.8 million with a relatively even split of male and female animals while the number of dairy calves registered was just over 850,000. While the total number of registrations was similar in 2016 when compared to the previous year there was a significant change between the associated breed types. The pattern seen across GB mirrored the developments in Wales as beef numbers increased by 4% while dairy registrations fell by 6%. The reduction in dairy calf numbers highlights the issues faced by the sector over the last few years as producers would have increased the use of beef bulls within their milking herd, there's also a possibility that some would look to source replacements from outside GB.

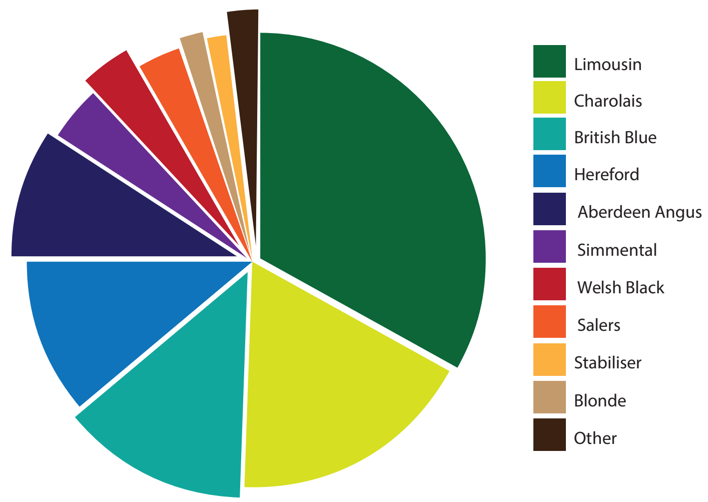
Beef Calf Registrations in Wales by month, 2016



The pattern of registrations during the year highlights how many dairy and beef herds in Wales have a spring calving policy where they seek to calve prior to or just after turn-out. During the three month period between March and May over 40% of the beef calves were registered with BCMS. Following these months there was a gradual decline in calf numbers born every month until the end of the year. Comparing these results with previous years does show that this has been a pattern for the sector for quite some time.

With many farms looking to improve their herd management by tightening their calving period it could be expected that the difference between the months with highest and lowest registration be wider than the numbers show as the quietest month for registrations – December – still accounted for over 5% of the total. These results indicate where the beef sector has the potential to make improvements as having a compact calving period allows for easier herd management of both cows and calves while also lowering labour costs.

Beef Calf Registration on Welsh holdings by breed, 2016



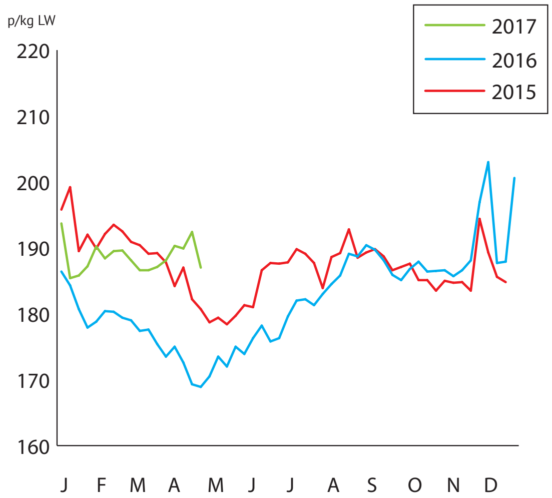
Continental bulls continue to dominate beef calf registrations in Wales. Combined, Limousin and Charolais (pure and cross) accounted for over half the total beef registrations for 2016. There was however a slight decline in their share of the total when compared to the previous year as British Blue, Hereford and Aberdeen Angus all increased their share.

The uplift in Hereford and Angus registrations could be a result of producers changing systems to supply processors who offer additional premiums for cattle from these breeds. Increased registrations of cattle from native breeds is a pattern that has occurred across the whole of GB over the last few years. While the premium for these animals still exists, if numbers continue to increase then the supply/demand equilibrium could see the conventional and premium prices converge. Friesian (Holstein and British) calf registrations accounted for over 90% of all dairy animal births recorded on Welsh holdings for 2016.

MARKET PRICES

CATTLE

Prime cattle prices at auction markets in England and Wales



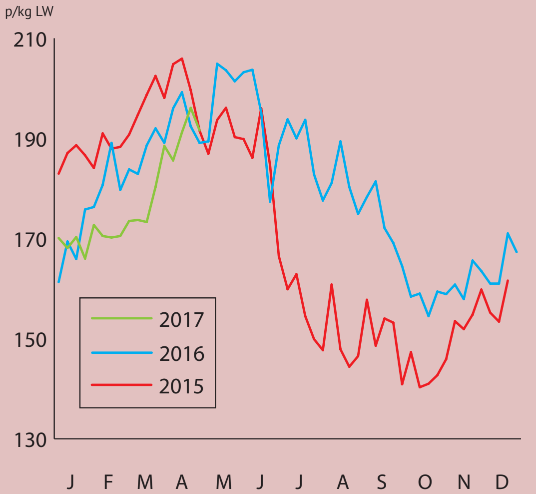
Prime cattle prices at auction markets in England and Wales faced some improvements during the month of April however trade did fluctuate as the market adjusted for the disruption caused by the shortened bank holiday week. For the latest week ending 29 April the prime average price stood at 187.0p/kg, at this level the price was more than 5p down on the week but this was the first full week of trade for three weeks. Within the average the steer, heifer and young bull price was 183.6p, 193.9p and 181.5p respectively. All categories of prime cattle saw a decline in price when compared to the previous week. At the current level the prime cattle average is some 18p above the levels experienced at the same time last year.

The deadweight prime cattle trade has shown a steady increase over the last month. For the week ending 29 April the steer average price in England and Wales increased by 0.2p to average 344.8p/kg, this despite the numbers brought forward increasing on the previous week. At this level the steer price is over 37p above the corresponding period last year. Deadweight prices in England and Wales for heifers also increased on the week being 345.6p/kg, an uplift of 0.5p, again numbers brought forward increased due in part to the full processing week. Young bull prices saw the biggest increase in prices, however this was on a back of a week where prices fell. For the week ending 29 April the England and Wales young bull average price stood at 321.9p/kg, an increase of 2.8p on the week.

Cull cow prices at England and Wales auction markets stood at 120.8p/kg for the week ending 29 April; at this level prices are 17p above prices experienced for the same week a year ago. The deadweight England and Wales cull cow price for the week ending 29 April was 237.4p/kg, 5p above the previous week.

SHEEP

Prime lamb (SQQ) prices at auction markets in Wales



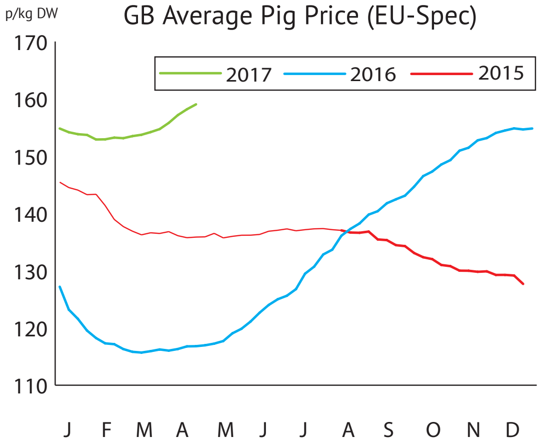
The liveweight lamb trade showed the expected seasonal trend in the lead up to and following the Easter period with prices increasing as lambs were sought prior to the festive period with a fall in trade afterwards. For the latest week ending 29 April the combined SQQ at auction markets in Wales stood at 191.6p/kg, a decrease of 4.5p on the previous week's combined average. The SQQ price for old season lambs at auction markets in Wales for the latest week was 174.4p/kg, 11p less than the previous week. The New Season Lamb price for the same week averaged 232.5p/kg, a decrease of nearly 30p on the week, this came as the numbers being marketed more than doubled on the week to over 3,700 head.

The lamb deadweight trade has also followed the expected seasonal trend over the last month For the week ending 29 April the GB deadweight lamb price stood at 412.8p/kg, an increase of nearly 2p on the previous week. At the current levels prices are almost 10p above the deadweight price seen during the same week in 2016. The deadweight price being quoted is a combined average and as such is heavily influenced by the number of NSL/OSL in the numbers.

Following a decline early in the month, cull ewe prices at auction markets in Wales improved towards the end of April. For the week ending 29 April the price stood at £57.20/head, an increase of 40p on the previous week. At this level prices are very similar to the same week in 2016.

PIGS

GB Average Pig Price (EU-Spec)



The EU-spec APP has continued its upward trajectory for another month with gradual but continuous weekly price increases during April. As with the previous month consecutive weekly growth lead to the price at the end of the month being around 4p higher than the start of the month. For week ending 22 April the average stood at 159.0p/kg, an uplift of almost a penny on the previous week's price. At this level prices are over 42p above the same period last year.

For the week ending 29 April the GB EU-spec SPP stood at 156.5/kg a 0.3p increase on the week, and over 42p above prices for the same week in 2016. It is estimated that slaughterings fell by 2% on the week and were 7% lower than the equivalent week last year which would suggest that the supply/demand equilibrium may be in the producers favour at present.

For the w/e 22 April the 30kg weaner average price stood at £58.27, an increase of nearly £2.80 on the week however it should be noted that prices did come back sharply the previous week. For the same week the 7kg weaner average price stood at £40.81, £1.00 higher than the week earlier and the first time this price had broken the £40 barrier since August 2014.