

The latest UK trade data released by the HMRC has shown that trade patterns for beef, lamb and pork have varied considerably for the first half of 2017. Beef and pork exports have fallen while sheepmeat exports increased markedly; the reverse is seen for imports where beef and pork have increased while sheepmeat has fallen. The one constant in the figures is the export value has increased by double digit figures for all three product types, a clear indication of the impact of the weakened Sterling against the Euro. This month's Market Bulletin will look at the results in greater detail.

Beef

Beef exports for the six month period stood at 50,500 tonnes, which is a 7% decline on the year. This comes as domestic production has fallen which is a contributory factor in the figures as processors look to fulfil their UK commitments. The fall in volume sales came on the back of decreased shipments sent to the UK's traditional markets of Ireland, Netherlands and France.

A significant amount of the beef sent to both Ireland and the Netherlands would have been destined for further processing and shipping, consequently the change in volumes would be linked to the drop in cull cow slaughterings this year. The fourth main destination for beef exports this year has been Hong Kong (accounting for nearly 7% of all beef exports); the volume sent to this destination has almost doubled for the first half of the year and would be mainly lower value cuts giving UK exporters a valuable outlet for these products. The impact of the weakened Sterling can be seen as the value of beef exports for the period was £189.6 million, an increase of over 11%.

Beef imports have increased marginally during the period with a reported 129,700 tonnes being shipped into the UK. Highlighting the 'beef carousel' that currently exists within the industry the two main exporters from the continent were Ireland and the Netherlands, who both recorded increased volumes. The Irish volume accounted for over 70% of the total beef imported into this country for the six month period. This emphasises the importance of the UK market to Irish producers and why any trade restrictions following the EU-exit would have an immediate impact on both sides of the Irish Sea. The value of beef imports for the period was just over half a billion pounds, some 5% higher than the 2016 figure but equivalent to the level seen in 2015.

Sheepmeat

Exports of sheepmeat from the UK for the January to June period was 40,430 tonnes, an increase of nearly 18% on the year. Encouragingly and highlighting UK exporters' competitiveness in the market and their desire to have a wide portfolio of clients there were increased shipments to the main ten destinations for product. France was once again the country which had the highest volume of product, accounting for over 44% of all sheepmeat exports; although it should be noted this is the lowest share seen for a number of years.

Over the last few months the French market has improved as for the first quarter of the year volumes were considerably below 2016 levels. Showing the importance of the European market to the UK sector the next four destinations for product (accounting for a combined third of all exports) were Germany, Ireland, Belgium and the Netherlands, who increased volumes by 29%, 17%, 23% and 43% respectively. As with beef exports, the volumes sent to Hong Kong increased during the period, again much of which would have been lower value cuts. The value of sheepmeat exports for the six months was £177.3 million, 25% higher than in 2016.

Imports of sheepmeat for the first half of 2017 fell by 15% to 47,200 tonnes; this was entirely a consequence of decreased volumes from New Zealand. The Kiwi figure of 34,600 accounted for over 70% of total imports but shows that the combination of a fall in production, together with a less favourable exchange rate and a concerted push to seek new markets have combined to impact on the attractiveness of the UK to New Zealand exporters. The volume of sheepmeat imported from Australia accounted for a tenth of the total figure while Irish imports increased by over a third to stand at 4,600 tonnes. The value of sheepmeat imports for the period was £216.9 million, a 2% increase on 2016.

Pork

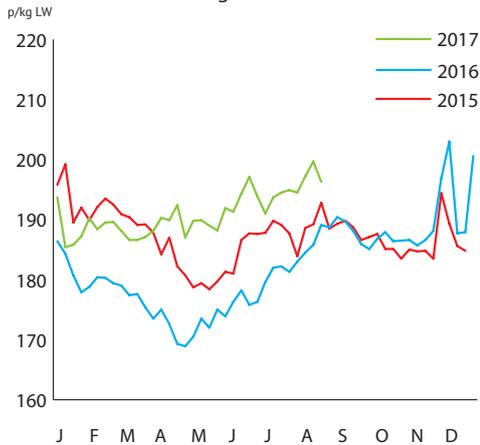
UK pork exports for the period were 107,100 tonnes, a slight fall on 2016. The main destination for product was China which took just over a fifth of the total exports. This market has shown positive year-on-year growth since access was granted and highlights the importance of continually looking for new destinations for exports. Pork exports have a relatively even spread of destinations across a handful of countries with Germany, Ireland and Denmark accounting for 15%, 15% and 12% of all exports respectively. As with beef, despite volumes decreasing it was reported that the value of pork exports rose by nearly 20% to £145.3 million.



MARKET PRICES

CATTLE

Prime cattle prices at auction markets in England and Wales

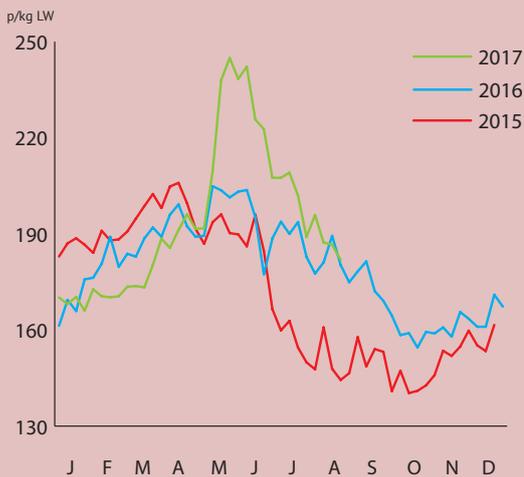


Prime cattle prices at auction markets in England and Wales have remained relatively static over the last month with prices varying between 195p/kg and 199p/kg. For the latest week ending 26 August the prime average price stood at 196.3p/kg. This is 3p down on the week but 7p up on the year but the first time that the price has been less than 10p above last year's price since March as the prices converge. The wet summer is expected to have had some impact on beef sales as initial reports suggest that traditional barbecue foods i.e. burgers, have not sold as well as expected. There was a decline in the price against all three categories of prime cattle as all had significantly increased numbers marketed when compared to the previous week. The average steer price stood at 192.4p/kg, nearly 3p down on the week. The heifer and young bull average for the latest week was 206.9p/kg and 187.7p/kg, down 2.3p and 5.1p respectively.

The deadweight price pattern seen for the different prime cattle categories varied considerably for the week. For the week ending 26 August the steer price in England and Wales increased by 2.7p to average 365.6p/kg, the highest average price for these types of animals since January 2014; nearly 26p above last year. Deadweight prices in England and Wales for heifers also increased on the week, despite the total number of heifers being marketed increasing, to average 370.5p/kg, an uplift of 4.8p. In contrast the young bull price and throughput decreased on the week, the average being 349.2p/kg, a decline of 2.6p.

SHEEP

Prime lamb (SQQ) prices at auction markets in Wales



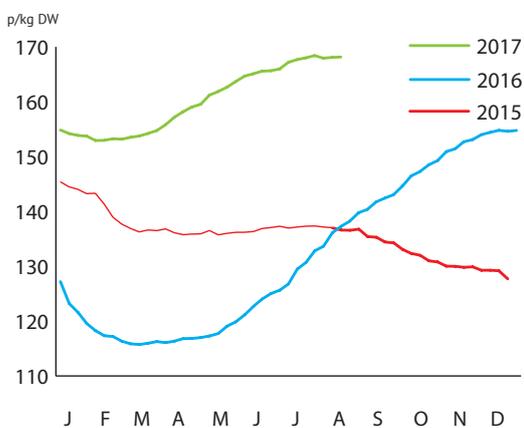
The liveweight lamb trade has fallen to similar levels to 2016 over the last few weeks as the number of lambs being marketed has steadily increased. For the latest week ending 26 August the new season lamb SQQ at auction markets in Wales stood at 181.9p/kg, a decrease of nearly 5p on the previous week's average. The latest price is some 2p higher than the average seen for the same last year. The number of lambs sold at auction markets in Wales has steadily increased over the last month and for the latest week the throughput at price recording markets was 30% higher than the level seen during the first week of the month. Early reports suggest that the latest week's price may see a slight upsurge as supplies are sought for the beginning of the Muslim festival Eid al-Adha.

The lamb deadweight trade has followed the auction market trade and seen a steady decline in the average price since the beginning of July as supplies increase. For the week ending 19 August the GB deadweight lamb price stood at 436.7p/kg, a decrease of over 5p on the previous week. At this level the stated price is some 19p above the same period last year.

The cull ewe trade has come back quite significantly over the last month while numbers being marketed have remained relatively static. For the week ending 26 August the price stood at £44.80/head, this was a decrease of £2.90 on the previous week. At this level prices are £6.70/head lower than the corresponding week in 2016. This is the lowest average price seen at Welsh markets for cull ewes since early February this year.

PIGS

GB Average Pig Price (EU-Spec)



The EU-spec APP has seen a period of stability over the last month after the continuous growth that was experienced during the first half of the year. Since the start of July the price has stood at around 168p/kg with any variation being small. For week ending 19 August the average stood at 168.2p/kg, an uplift of less than 0.1p on the previous week. At this level the price is nearly 31p above the corresponding week in 2016, this is the closest the yearly comparison has been since the opening week of the year. The two levels are likely to converge as pig prices in the second half of 2016 rose sharply.

For the week ending 26 August the GB EU-spec SPP stood at 164.2p/kg a half a penny decrease on the week. As with the APP the SPP has plateaued over the last month or so with the weekly average varying by less than a penny. This would suggest that the supply/demand equilibrium may be at tipping point if increased numbers of these animals are marketed. At the current SPP level, the price is nearly 27p above the corresponding period last year. It is estimated that carcase weights have increased over the last month and by the latest week had averaged at just over 83.5kg.

For the week ending 26 August the 30kg weaner average price stood at £60.70, an increase of over £2.10 on the week. The weaner price has hovered around the £60.00/head mark for a few months suggesting that as with the deadweight price the market may have reached a ceiling for the time being. For the same week, the 7kg weaner average price stood at £44.90, 65p higher than the week earlier.