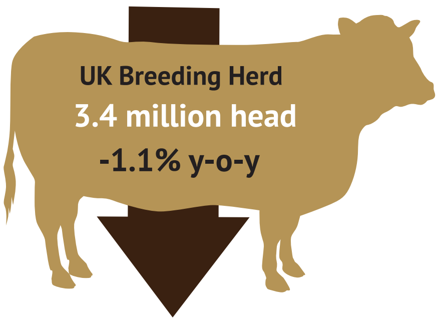
HCC Market Bulletin

October 2020

Defra recently released provisional data for the UK June 2020 Survey of Agriculture and Horticulture which revealed that the total number of cattle, sheep and pigs have decreased during the last 12 months. This month's Market Bulletin will look into the data further.

CATTLE

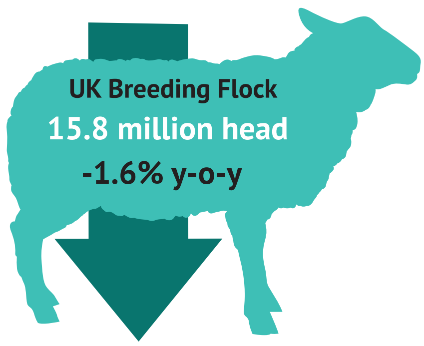
Provisional data released by Defra reveal that the total number of cattle and calves in the UK fell by 1.3% on the year to stand at 9.62 million head during June 2020. This decrease continues with the downward trend seen in the UK herd during recent years, and is the smallest national herd size recorded by the Survey. The breeding herd (beef and dairy) accounted for over a third of total cattle and followed the pattern of the overall herd - down 1.1% on the year to 3.40 million head. In June 2020, the beef breeding herd stood at 1.51 million head (-1.0%) and accounted for 45% of the overall breeding herd, whilst the dairy breeding herd stood at 1.85 million head (-1.1%). A breeding cow in the context of this release is defined as a cow that has calved.



Data for cattle of different ages revealed an overall decrease for most categories. Cattle aged 2 years and over (males and females who hadn't calved) were down 5.4% on the year - suggesting supply to the market may tighten in the coming months. Cattle aged between 13 and 24 months were down 1.4% on the year as males in this age category decreased significantly on the year (-2.4%), whilst females were relatively stable on the year. Those cattle aged 12 months or under experienced a 0.1% increase on the year due to females less than 1 year old experiencing a 1.0% increase. Similar numbers of cattle in this youngest age category suggest supply levels may stabilise over the coming 12-24 months.

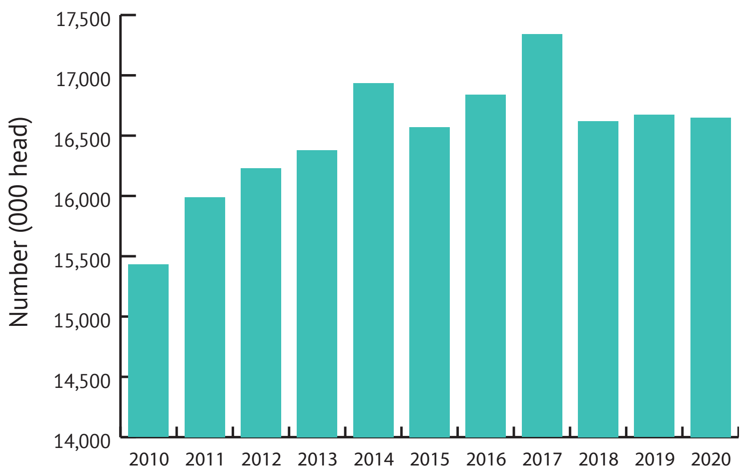
SHEEP

The provisional Defra figures show that the total number of sheep and lambs in the UK decreased by 0.8% on the year to stand at 33.3 million head in June 2020. Whilst these levels are slightly behind the figures seen in recent years, they are higher than figures recorded at the start of the last decade (2010's). The overall decrease in the size of the flock was mainly driven by a 1.6% decrease in the breeding flock, which totalled 15.78 million head. Within the breeding flock, the number of ewes intended for first time breeding was similar to the previous year (-0.7%) and accounted for around 16% of the breeding flock.



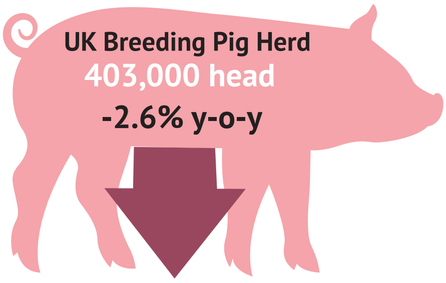
Despite a decrease in the size of the breeding flock, the number of lambs on the ground on 01 June 2020 (under 1 year old) remained relatively stable on the previous year – down just 0.1% to 16.65 million head. As the lamb crop is similar to that of the previous year, these figures suggest that the availability of lambs for slaughter would be similar to last year. Despite there being slightly fewer lambs in this year's lamb crop, abattoir throughput in the UK between June and September 2020 is currently 6.5% higher than the corresponding period in 2019. This suggests that a higher number of lambs from this year's crop have already come onto the UK market, and there may be a tightening of supply by the end of this year and into 2021.

Lamb Crop Size as of 1st June 2020 (UK)

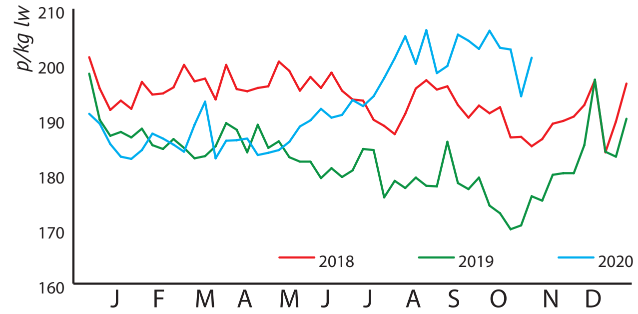


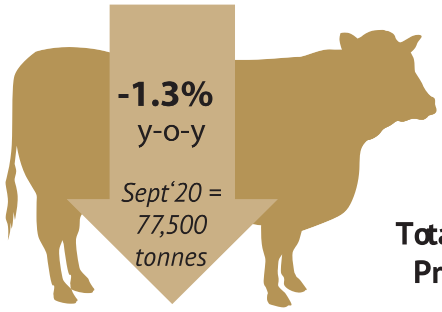
PIGS

As of 01 June 2020, the total number of pigs in the UK stood at 5.07 million head – down just 0.1% on the previous year. Pig numbers have therefore remained above the 5-million mark for the third consecutive year. A slight decrease in the national herd was largely influenced by a 2.6% decrease in the female breeding herd. At 403,000 head, the breeding herd is the smallest in size in the Defra release. Within the female breeding herd, sows and gilts in pig decreased by 1.3% and 1.2% respectively.



Prime Cattle Prices at Auction Market in England and Wales





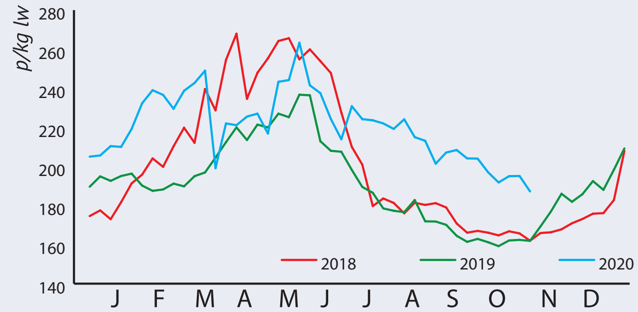
Total UK Beef Production

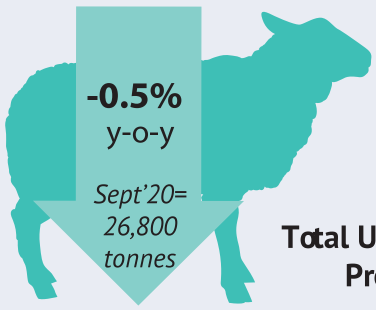
CATTLE

The all prime cattle average market price in England and Wales stood at 201.1p/kg for the week ending 24 October – up 7.0p on the week. As with recent weeks, prices remain volatile but are strong on the year. The current price is 25p above year-earlier levels and 16p above the 5-year average (2015-19 average:185.1p/kg). For the week ending 24 October, the average deadweight prices in England and Wales for steers stood at 363.5p/kg (-0.2p on the week) which is 46.9p above year-earlier levels. The deadweight prices for heifers stood at 362.6p/kg (+1.1p on the week), young bulls stood at 352.0p/kg (+3.8p), and cull cows at 237.1p/kg (+1.3p).

Total cattle throughput at UK abattoirs stood at 238,800 head for September – 3.5% lower than September 2019. This brings the total throughput for the first 9 months of 2020 to 1.2% above year-earlier levels at 2.1 million head. Total prime cattle throughput for the month decreased by 3.2% on the year to 168,700 head. Within this total, young bulls saw the largest decrease on the year (-8.8%). Adult cattle throughput was up 5.9% on the year. The overall decrease in throughput numbers resulted in a 1.3% decrease in beef production during September – totalling 77,500 tonnes.

Prime Lamb (SQQ) Prices at Auction Markets in Wales





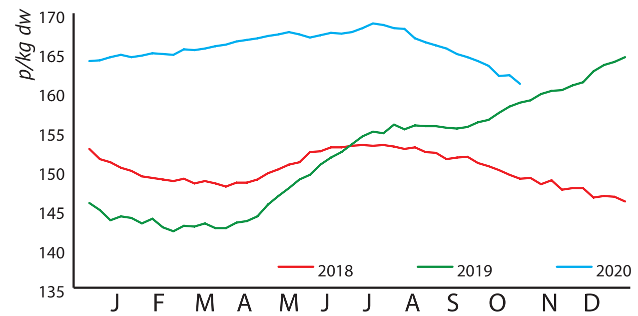
Total UK Sheepmeat Production

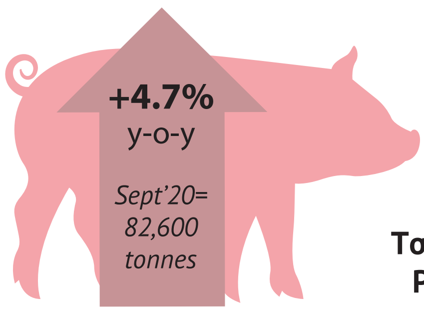
SHEEP

The Welsh prime lamb liveweight SQQ at auction has been easing in recent weeks, but remains above historic prices. For the week ending 24 October, the average price fell by 7.9p on the previous week to 187.2p/kg. Despite the fall, this is 25p above the corresponding week in 2019, and 31.5p above the 5-year average (2015-19 average:155.7p/kg). Cull ewe prices at auction markets in Wales averaged £53.30/head – up 10p on the previous week, and around £6.60/head higher than the corresponding week last year. Deadweight lamb prices in GB stood at 441.1p/kg for the week ending 24 October (-0.5p on the previous week).

Total sheep throughput at UK abattoirs stood at 1.3 million for September – up 0.3% on the corresponding month last year. Within this, prime lamb throughput was up 1.6% on the year, whilst cull ewe and ram throughput fell by 10.7%. Although prime lamb throughput has been trending higher during recent months, the total throughput so far this year is 0.8% below 2019. Average carcase weights for prime lambs were 0.2kg lighter than 2019, whilst culls were 1.3kg heavier. As a result, sheepmeat production during September was 0.5% below year-earlier levels.

GB Average All Pig Price (EU-Spec)





Total UK Pork Production

PIGS

The EU-spec All Pig Price (APP) in GB stood at 161.5p/kg for the week ending 17 October – similar to the previous week (-0.6p), and 2.9p higher than the corresponding week in 2019. Prices have been on a downward trajectory in recent weeks – down 7.2p since the highest price recorded at the start of July. Industry reports suggest the ASF outbreak in Germany is impacting on export potential in the UK. The 30kg average weaner price in GB for the week ending 17 October stood at £56.95/head (+11.4% on the year), whilst the 7kg weaner price was unavailable for the most recent week.

Total pig throughputs at UK abattoirs stood at 932,800 head for September – 1.5% above the corresponding month last year. This increase on the year was driven by the throughput of both clean pigs and sows and boars being up 1.1% and 16.3% on the year, respectively. Clean pig average carcase weights were the heaviest on record for September – an average of 87.1kg (2.5kg heavier than 2019). Following heavier carcase weights and higher throughput numbers, pork production was up 4.7% on the year at 82,600 tonnes.