

HCC Market Bulletin

November 2020

Trade figures recently released by HMRC shed light on UK red meat import/export patterns between January and September of this year. This month's market bulletin will look at the figures in greater detail, along with what this may mean for the remainder of 2020 and into next year.

BEEF

Figures recently released from HMRC reveal that the total volume of fresh/frozen beef **imported** to the UK during September stood at 20,500 tonnes – up 10.4% on the corresponding month last year. An increase of 18.7% in the volume of Irish beef drove the increase in September, whilst around 300 tonnes less beef was imported from Poland. Despite an increased volume imported during September, the total volume imported during the year to date remains almost 5% below year-earlier levels at 175,400 tonnes. The UK has received 3,000 tonnes less Irish beef during 2020 so far despite the throughput of cattle in Ireland being up 2.9% on the year (Source: Bord Bia).

In terms of volume of beef **exported** from the UK; September saw volumes remain similar to recent months. The total volume of fresh/frozen beef exported stood at around 9,000 tonnes for September (down 33.7% on the year, but similar to August this year). The Netherlands received 2,300 tonnes less beef from the UK during the month, whilst both Ireland and France also receiving reduced volumes. The total volume of beef exported so far this year (to September) is currently 11.5% behind last year at 87,400 tonnes, whilst total value is down 15.0% at £290.1m. This suggests the average price per kilo for beef exported has fallen by 4.0% when compared to the first 9 months of 2019.

SHEEP MEAT

Fresh/frozen sheep meat **imported** into the UK rose during September to stand at 4,000 tonnes – up 41.4% on the year, but 8.1% below September 2018. Volumes imported from both New Zealand and Australia were up by 800 tonnes and 250 tonnes, respectively, on the year. When looking at 2020 so far, monthly import volumes have been below year-earlier levels for each month apart from March (+17.1% on the year), and more recently September. The total volume of sheep meat imported so far is therefore 7.3% below year-earlier levels, whilst volume imported from NZ is down by 3.3% on the year. Import volumes from both NZ and Australia have been declining in recent years – driven by a new focus on Asian markets, meaning there's less product directed to the UK.

Volumes of fresh/frozen sheep meat **exported** during September were down -22.2% on the year to 7,500 tonnes, with all three of the UK's main destinations experiencing a decrease; France (-23.4%), Germany (-27.5%), and Ireland (-12.9%). Although volumes for the month were lower than 2019, September recorded the 2nd highest volume exported so far in 2020 (with 8,200 tonnes exported in July). Around 62,800 tonnes of sheep meat have been exported so far this year – down 8.7% on the

year, whilst total value is up 9.6% to total £314.9m. In recent months, the UK exports have benefited from a favourable exchange rate which has had a positive impact on the domestic farmgate prices.

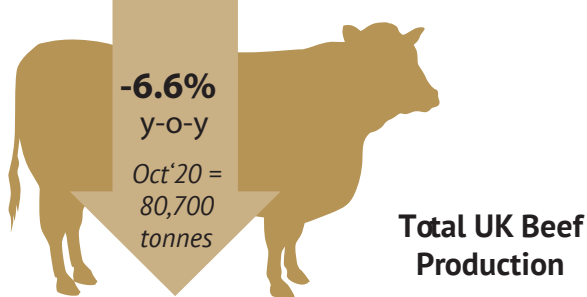
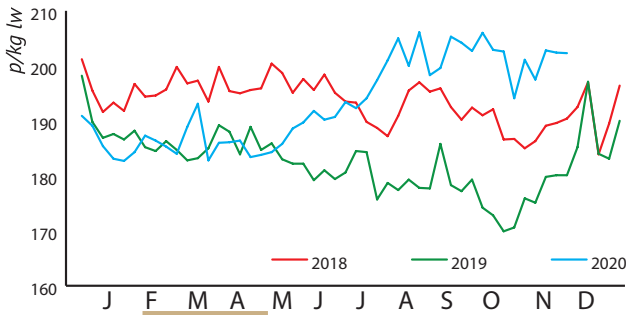
PORK

Total fresh/frozen pork **imports** during September decreased by 20.5% (or 8,300 tonnes) on the year, due to decreased volumes from both Ireland (-1,200 tonnes) and the Netherlands (-1,300 tonnes). Despite the overall decrease, volume sent from Germany during the month is up 4.9% on the year. A total of 257,000 tonnes of pork has been imported during the year to date - down 17.9% on the corresponding period last year, with the Netherlands (-14,400 tonnes), Ireland (-11,500 tonnes) and Denmark (-9,500 tonnes) all experiencing a significant decrease in volumes.

Total fresh/frozen pork **exports** during September were up marginally (by 0.4%) on the year to stand at 21,600 tonnes. China continues to be the main destination, with volumes up 25.0% during the month, whilst volumes sent to Ireland were down 20.7% on the year. The total volume of pork exported so far this year stands 7.4% above year-earlier levels at 192,000 tonnes. Increased exports have occurred alongside a 3.0% increase in pig meat production during the same period. Whilst an additional 35,200 tonnes of pork have been sent to China so far in 2020 (when compared to 2019), industry reports suggest that China's pig herd is now starting to rebuild. This may influence the export prospects for UK pork during the next 12 months.

At the time of writing, uncertainty surrounding the UK's trading relationship with the EU remains, and it is likely that any future red meat trading patterns will be highly influenced by this relationship. For sheep meat, imported volumes are needed in order to meet consumer demand due to the seasonal nature of lamb production in the UK. In 2019, over 90% of sheep meat exported was sent to EU countries, and therefore the need for key export markets is of great importance to the UK sheep sector. For beef, the UK is around 75-80% self-sufficient in production, and relies on imports and exports of beef to meet demand and balance the carcass (with both Ireland and the EU being the main export destinations). Similarly to beef, the UK is a net importer of pork and is around 60% self-sufficient in terms of production. In the new year, trade between the UK and the EU/global market will continue - albeit at different prices, with any changes or friction to this trade likely having an impact on the UK supply chains.

Prime Cattle Prices at Auction Market in England and Wales

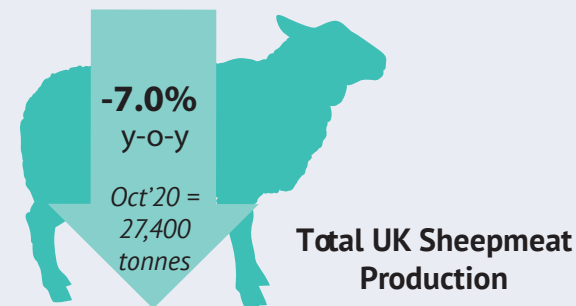


CATTLE

The all prime cattle average market price in England and Wales stood at 202.3p/kg for the week ending 21 November – down 0.1p on the week. As with recent weeks, prices have been volatile but remain strong on the year. The current price is 22p above year-earlier levels and 14.7p above the 5-year average (2015-19 average:187.6p/kg). For the week ending 21 November, the average deadweight prices in England and Wales for steers stood at 371.3p/kg (+2.7p on the week) which is 50.4p above year-earlier levels. The deadweight prices for heifers stood at 368.9p/kg (+2.9p on the week), young bulls stood at 358.7p/kg (+3.3p), and cull cows at 217.5p/kg (-3.0p).

Total cattle throughput at UK abattoirs stood at 247,800 head for October – 9.7% lower than October 2019. This brings the total throughput for the first 10 months of 2020 to similar to 2019 at 2.35million head. Total prime cattle throughput for October decreased by 7.3% on the year to 172,600 head. Within this total, young bulls saw the largest decrease on the year (-17.8%). Adult cattle throughput was down 6.7% on the year. The overall decrease in throughput numbers resulted in a 6.6% decrease in beef production during October – totalling 80,700 tonnes.

Prime Lamb (SQQ) Prices at Auction Markets in Wales

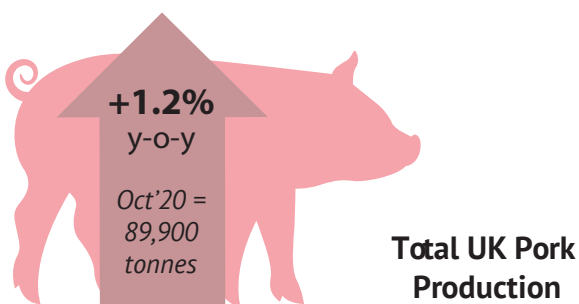
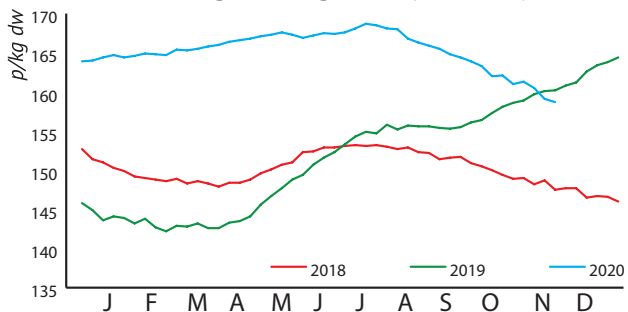


SHEEP

The Welsh prime lamb liveweight SQQ at auction has been trending above both 2019 and 2018 levels since July. For the week ending 21 November, the average price rose by 8.3p on the previous week to sit above the £2/kg mark once again at 208.0p/kg. The current price is 26.1p above the corresponding week in 2019, and 42.5p above the 5-year average (2015-19 average:165.5p/kg). Cull ewe prices at auction markets in Wales averaged £59.10/head – up £3.50 on the previous week, and around £5.00/head higher than the corresponding week last year. Deadweight lamb prices in GB stood at 462.2p/kg for the week ending 21 November (-0.7p on the previous week).

Total sheep throughput at UK abattoirs stood at 1.4 million for October – down 6.9% on the corresponding month last year. Within this, prime lamb throughput was down 4.9% on the year, whilst cull ewe and ram throughput fell by 23.8%. Following a decrease in throughput during October, the total throughput of culls and lambs so far this year is 2.8% below 2019. Average carcass weights for prime lambs were similar to 2019, whilst culls were 1.4kg heavier. As a result, sheepmeat production during October was 7.0% below year-earlier levels at 27,400 tonnes.

GB Average All Pig Price (EU-Spec)



PIGS

The EU-spec All Pig Price (APP) in GB stood at 158.7p/kg for the week ending 14 November – down 0.4p on the previous week. Prices have been on a downward trajectory since August, and have fallen below year-earlier levels for the second consecutive week in 2020 (current price is 1.5p below 2019). Industry reports suggest that Covid-19 is still limiting staff availability at some processing plants, with heavier carcass weights coming forward due to pigs being backed up in the system. This is also coupled with the ongoing ASF outbreak in Germany impacting on global pig prices. The 30kg average weaner price in GB for the week ending 14 November was not available, whilst the 7kg weaner price stood at £39.57/head – up 17.0p on the previous week.

Total pig throughput at UK abattoirs stood at 1.0million head for October – 2.0% below the corresponding month last year. The decrease on the year was driven by a 2.1% decrease in clean pig throughput, whilst sow and boar throughput were up 4.9% on the year. Total pig throughput during the year to date now stands 0.8% above year-earlier levels at 9.3million head. Despite throughput being down on the year, pork production for the month is up 1.2% at 89,900 tonnes due to heavier carcass weights for both clean pigs (+2.7kg) and sows and boars (+2.6kg).