

HCC Market Bulletin

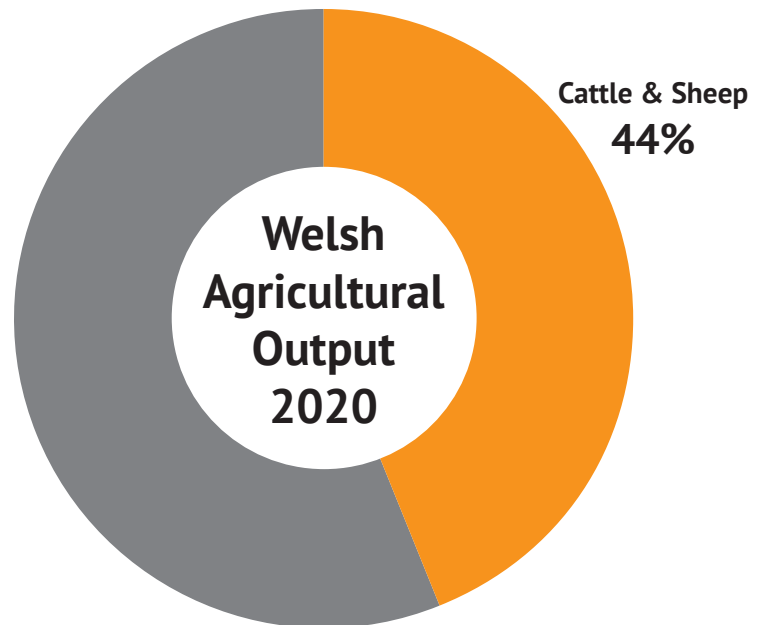
May 2021

The total value of aggregate agricultural output in Wales is forecasted to increase by 6.2% to £1.7 billion for 2020, whilst the total income from farming is forecasted to be 25% higher than year-earlier levels at £322 million. This month's Market Bulletin will look at the result of this statistical release in greater detail.

The 'Aggregate Agricultural Output and Income' statistical report was released by Welsh Government during May this year. The figures suggest that the 2020 forecast will rise closer to the level seen during 2017 following a downturn during 2019. The total value of aggregate agricultural output in Wales for 2020 is forecasted to stand at £1.7 billion – a 6.2% (or £99 million) increase on the provisional figure for 2019.

This statistical release highlights the importance of red meat production to the agricultural sector in Wales, as the combined output from cattle and sheep represents 44% of the total value of agricultural output in Wales for the year. This is the highest proportion recorded since 2016 – where the combined output from cattle and sheep accounted for 45% of the total. Both the Covid-19 pandemic and Brexit impacted on these figures. Specifically; cattle (both beef and dairy) are forecasted to experience an increase of 16.4% (or £62 million) in the value of output at £437 million, due to a buoyant market during 2020. The estimate for sheep is also forecasted to increase by 15.5% (or £42 million) to £313 million. The forecasted gross output for both cattle and sheep in Wales are estimated to be the highest in a number of years. As a result, the two sectors combined will account for a total of £750 million of the Welsh agricultural output.

The forecasted agricultural output value for the pig sector in Wales is also set to experience an increase of 34.3% (or £2 million) to a value of £8 million. Due to the high demand for pig meat from the Asian regions during most of 2020 following the ASF outbreak, market prices trended significantly higher than year-earlier levels for the majority of the year.



The value of the intermediate consumption (i.e. the goods and services consumed/used in the production process) is also forecasted to increase by £17 million to £1.2 billion. This is essentially the costs associated with the production chain. In a given year, 'feeding stuffs' accounts for over 30% of the intermediate consumption value in Wales. It's forecasted for 2020 that the value of feeding stuffs will increase by 3.1% (or £11.5 million) to £387 million - the highest value since 2014, due to the short supply of straw, barley etc driving up costs. Therefore, although the gross output of agriculture in Wales is forecasted to increase for 2020, so is the intermediate consumption value. As a result, the total income from farming in Wales is forecasted to be 25% (or £65 million) higher than year-earlier levels at £322 million.



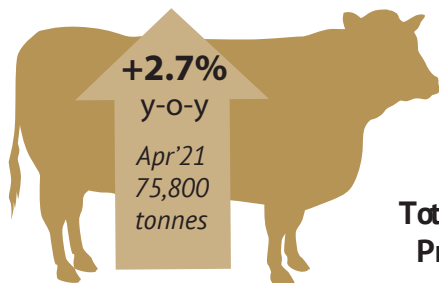
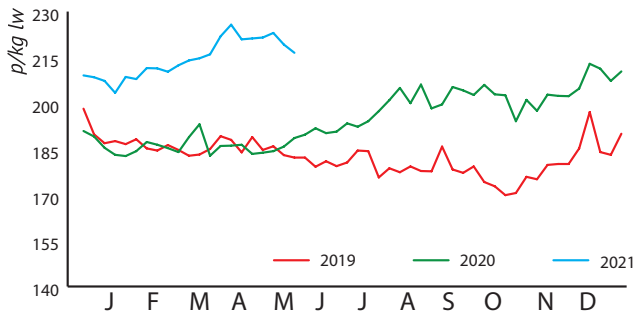
EXCELLENT EASTER!

Kantar released data covering the 12 weeks to 18th April 2021 which revealed an almost 15% year-on-year increase in the volume of lamb bought at retail in GB during the period.

Leg roasting joints were noted to have made a good recovery following their poor performance during Easter last year due to the first UK lockdown period.

Overall, consumer spend on lamb reached £190 million – almost 19% higher than Easter 2020.

Prime Cattle Prices at Auction Market in England and Wales



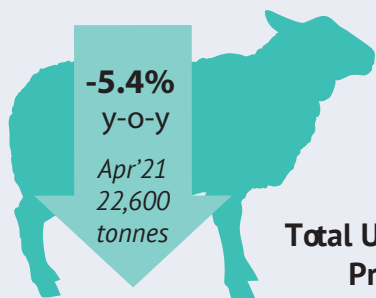
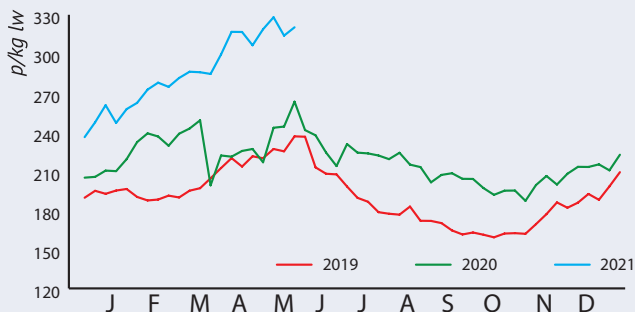
Total UK Beef Production

CATTLE

The all prime cattle average market price in England and Wales stood at 216.5p/kg for the week ending 22 May – down 2.8p on the week. The current price is strong when compared to historical averages, and is almost 28p above year-earlier levels, and 31p above the 5-year average (2016-20 average:185.8p/kg). For the week ending 22 May, the average deadweight prices in England and Wales for steers stood at 392.1p/kg (-5.6p on the week) which is 59p above year-earlier levels. The deadweight prices for heifers stood at 391.7p/kg (-4.7p on the week), young bulls stood at 386.4p/kg (-6.0p), and cull cows at 276.5p/kg (+1.2p).

Total cattle throughput at UK abattoirs stood at 225,400 head for April – 1.4% higher than April 2020. Prime cattle throughput for the month was up 5.5% on the year at 171,000 head, with all categories recording an increase on the year. Adult cattle throughput was also higher when compared to 2020 – up 6.3% to 48,500 head. This brings the total cattle throughput for the first 4 months of 2021 to be 3.2% below year-earlier levels. Total beef production for April stood at 75,800 tonnes – up 2.7% on the year due to increased throughput and heavier average carcase weights.

Prime Lamb (SQQ) Prices at Auction Markets in Wales



Total UK Sheepmeat Production

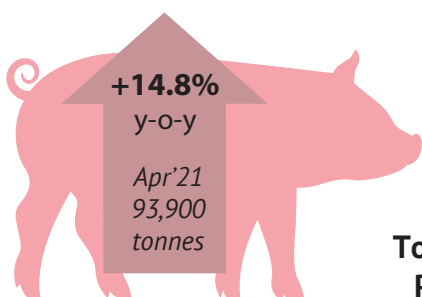
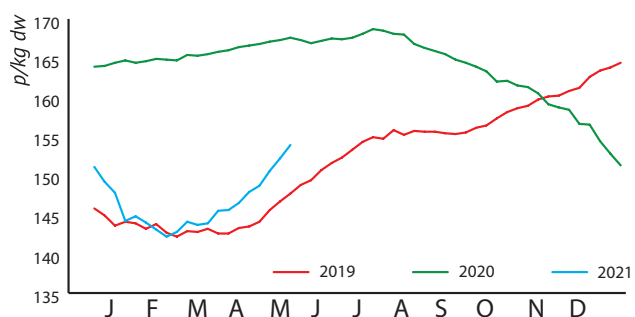
**Combined OSL/NSL prices to 3rd week of May, NSL price only until Dec*

SHEEP

During recent weeks, the average prime lamb liveweight SQQ at auction markets in Wales has been trending well above year-earlier levels. For the week ending 22 May, the New Season Lamb average decreased by 9.3p on the week to average 320.4p/kg. Despite the decrease, this is 57.1p higher than year-earlier levels, and 80.2p above the 5-year average (2016-20 average: 240.2p/kg). Cull ewe prices at auction markets in Wales averaged £83.40/head – down £1.00 on the previous week, but £18.40 above 2020. Deadweight lamb prices in GB stood at 669.4p/kg for the week ending 22 May (+123.8p on the year).

Total sheep throughput at UK abattoirs stood at 960,000 head for April – down 7.5% on the year. Within this, prime lamb throughput was down 7.6% at 864,800 head, whilst cull ewe and ram throughput fell by 7.0% on the year to 95,200 head. Looking at the year so far; throughput of lambs is down by 8.2% at 3.4 million head, whilst cull sheep numbers are down almost 23% on the year. Carcase weights during April were slightly heavier on the year, bringing the total volume of sheep meat produced to 22,600 tonnes – down 5.4% on the year.

GB Average All Pig Price (EU-Spec)



Total UK Pork Production

PIGS

Pig prices have continued with their upward momentum since the beginning of March, with the most recent EU-spec All Pig Price (APP) for the week ending 15 May increasing by 1.7p on the week to 153.9p/kg. This is the 9th consecutive week of price increases, with the average increasing by a total of 10.2p during the period. The current average remains below the highs of 2020 (down 13.7p), but is 6.2p higher than the corresponding week in 2019. Despite the rise in the average APP, industry reports suggest that profitability is being hampered by the rising feed costs. Prices in Europe have stabilised somewhat, with the EU Reference price during the week ending 16 May being up 0.6p on the previous week to 134.2p/kg.

Total pig throughput at UK abattoirs stood at 1.0 million head for April – up 12.2% on the year, and suggests that abattoirs are continuing to work their way through the reported back log of pigs that were on farm. The increase on the year was mainly driven by an additional 111,200 clean pigs coming forward, whilst their average carcase weights were also up 1.6kg on the year at 87.7kg. The combination of higher throughputs and heavier average carcase weights led to a 15.8% increase in pork production during April at 93,900 tonnes – the second highest monthly volume of pork produced since the year 2000 (after March 2021).