HCC Market Bulletin

June 2021

Figures recently released by Kantar show that British shoppers spent £4.1 billion on beef, lamb and pork during the latest 12-month period, with the frequency at which shoppers bought red meat driving the increase in overall spend. This month's Market Bulletin will look at these figures in greater detail.

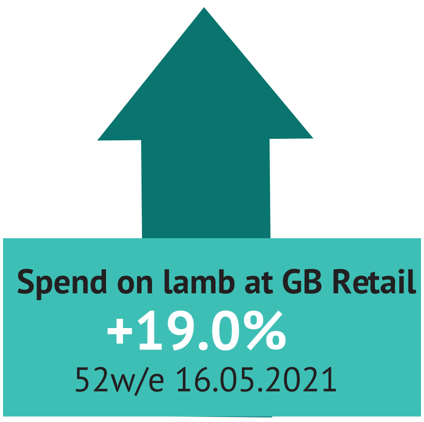
During the 52-weeks ending 16th May 2021, the total spend on beef, lamb and pork at GB retail totalled £4.1 billion according to the recently released data by Kantar. This is an impressive 12.6% increase when compared to the corresponding period a year-earlier. In terms of volume of red meat sold; British shoppers bought a total of 565,100 tonnes, which is an increase of 9.4% on the previous year. These figures suggest that there was a strong demand for red meat during the Covid-19 pandemic.

BEEF

During the stated 52-week period, spend on fresh/frozen beef totalled £2.5billion – up 10.3% on the previous year. This increase in spend was partly due to a 2.7% increase in the average price of beef (to £7.88/kg), along with a significant increase in the frequency shoppers bought beef during the period. British shoppers bought beef more frequently, and also increased their basket size, which led to a 7.5% increase in the total volume of beef bought during the period. Beef roasting joints performed particularly well during the year, with spend up 20% on the previous year to account for 17.2% of total spend on beef. Sales of mince were particularly high during March and April 2020 as shoppers panic bought goods during the initial lockdown period. During the months that followed, promotional activity increased sales of other beef cuts which reduced mince sales, and overall has led to a 2.7% decrease in spend on mince during the most recent 52-week period.

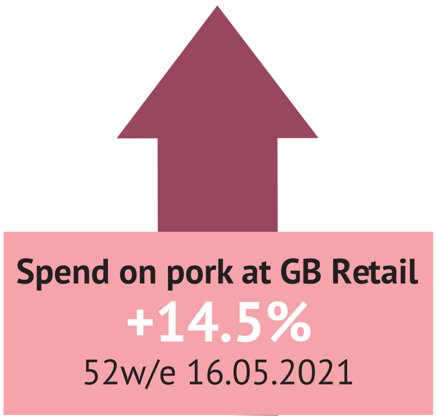
LAMB

Spend on fresh/frozen lamb during the period increased by 19.0% on the year to stand at £694.4 million, whilst volume was 14.3% higher on the year. In a similar manner to beef, the 4.1% increase in the average price to £10.14/kg was one of the factors behind the increase in spend, along with a 10.1% increase in the frequency of lamb purchases. Kantar figures reveal that although basket size remained relatively similar year-on-year, shoppers did buy lamb much more regularly during the period which suggests there was demand for lamb during lockdown as consumers experimented with new recipes in their home. Despite an increase in the average price, there was an increase in the number of buyers who bought lamb which resulted in 54% of the total GB population engaging with the category – which is positive news for the sector. Lamb chops were particularly popular during the 12 months and experienced a 16.1% increase in spend due to an almost 5% increase in the number of buyers.



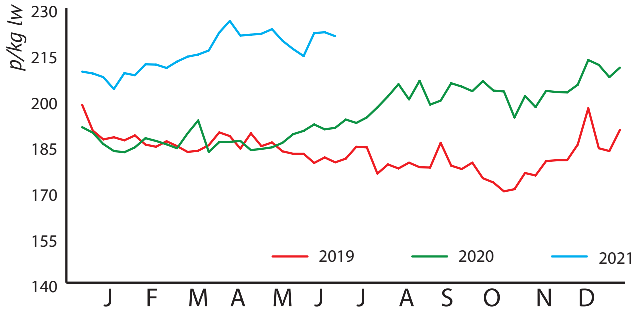
PORK

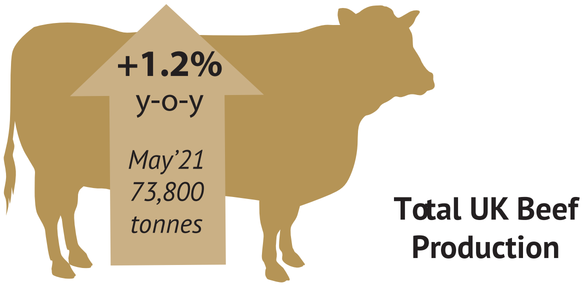
Total spend on fresh/frozen pork at GB retail stood at £871.8 million – an increase of 14.5% when compared to the previous year. In terms of volume, pork experienced an increase of 11.1% on the year, whilst the average price of pork stood at £4.95/kg – 3.1% higher than the previous 12 months. The total number of buyers engaging with the product remained relatively stable at 71% of the total GB population, whilst the frequency of which pork was purchased was the main driver behind the increase in spend. Shoppers bought pork more regularly during the period as frequency was up 8.7%. Pork roasting joints performed well, with spend up 19.4% on the year to account for over 31% of total spend.



While panic-buying and the almost complete closure of the foodservice industry initially exacerbated carcase imbalance and added to price instability within the red meat market, sales of red meat at retail have been strong. As Covid restrictions ease, it is difficult to predict if patterns of consumer demand will revert to their pre-Covid state, or if increased retail purchasing of red meat is here to stay. The shift in meal occasion opportunities from in-home to more out of home will have an impact on the retail sector, and will also cause the market share of retailers and foodservice to evolve. Whilst the pandemic continues to pose challenges to the red meat industry, there is now greater consumer interest in provenance, sustainability, animal welfare, and health. This does provide key opportunities for Welsh Beef, Welsh Lamb and Pork from Wales.

Prime Cattle Prices at Auction Market in England and Wales



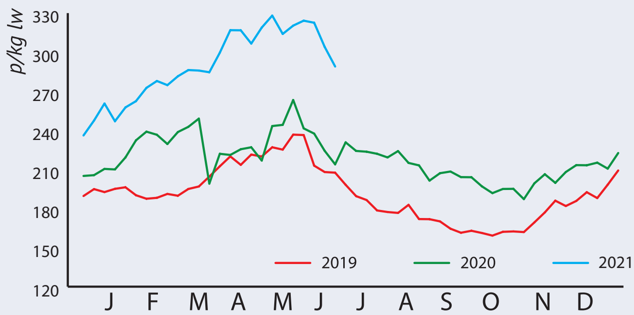


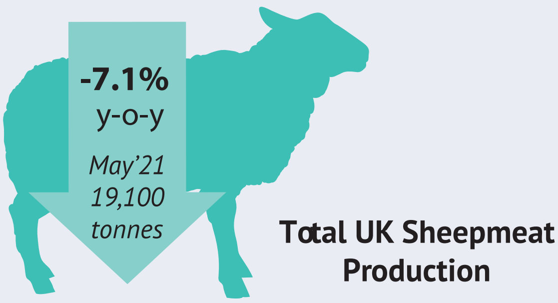
CATTLE

The all prime cattle average market price in England and Wales stood at 220.7p/kg for the week ending 19 June – down 1.3p on the week. The current price is strong when compared to historical averages, and is 30p above year-earlier levels, and 33p above the 5-year average (2016-20 average: 187.6p/kg). For the week ending 19 June, the average deadweight prices in England and Wales for steers stood at 388.4p/kg (+3.2p on the week) which is 34p above year-earlier levels. The deadweight prices for heifers stood at 397.7p/kg (+3.8p on the week), young bulls stood at 384.6p/kg (+6.9p), and cull cows at 283.7p/kg (+2.3p).

Total cattle throughput at UK abattoirs stood at 220,400 head for May – a similar level to May 2020 (up 0.2%), but 6.8% lower than in 2019. Prime cattle throughput for the month was down 2.2% on the year at 165,400 head, with steers and heifers driving this decline. Young bull throughput was up by 9.0%, however their average carcase weights were over 3kg lighter on the year. Adult cattle throughput was up 9.5% on year-earlier levels at 50,400 head. As a result, the total throughput for the year to date is down 3.5% on the year. Beef production for May was up 1.2% on the year due to heavier average carcase weights.

Prime Lamb (SQQ) Prices at Auction Markets in Wales



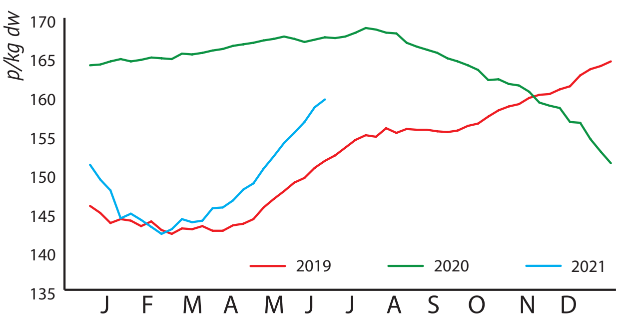


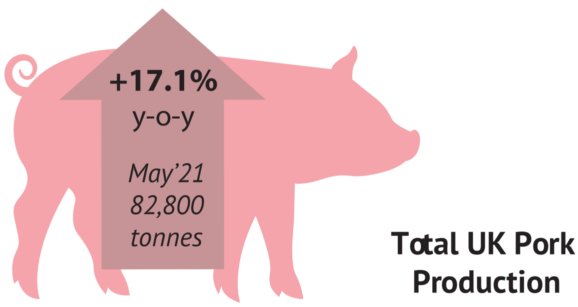
SHEEP

During recent weeks, the average prime lamb liveweight SQQ at auction markets in Wales has been on a downward trend - but recording well above year-earlier levels. For the week ending 19 June, the average decreased by 15.1p on the week to stand at 289.0p/kg. Despite the decrease, this is 75.1p higher than year-earlier levels, and 79.2p higher than the 5-year average (2016-20 average: 209.8p/kg). Cull ewe prices at auction markets in Wales averaged £81.60/head – down £7.40 on the previous week, but £20.80 higher than in 2020. Deadweight lamb prices in GB stood at 634.5p/kg for the week ending 19 June (+165.9p on the year).

Total sheep throughput at UK abattoirs stood at 911,800 head for May – down 7.1% on the year. Within this, prime lamb throughput was down 6.0% at 833,000 head, whilst cull ewe and ram throughput fell by 17.0% to 78,800 head. Looking at the year so far; throughput of lambs is down by 8.3% at 4.2 million head, whilst cull sheep numbers are down almost 24% on the year. The average lamb carcase weight during May was 0.2kg lighter which was another factor behind the 7% decrease total sheepmeat production for the month. For the year so far, total production is down 9% on the year.

GB Average All Pig Price (EU-Spec)





PIGS

Pig prices have continued with their upward momentum that's been experienced for several months, with the most recent EU-spec All Pig Price (APP) for the week ending 12 June increasing by 1.1p on the week to 159.6p/kg. The gap between this year and last year's high prices has been narrowing slowly, with the current average standing just 7.9p below year-earlier levels. The support from firm demand at retail, coupled with a tighter supply of clean pigs, has led to the current price being over 7p higher than the 5-year average (2016-20 average: 152.3p/kg). Despite the rise in the average APP, industry reports suggest that profitability is being hampered by the rising feed costs.

Total pig throughput at UK abattoirs stood at 935,700 head for May – up 15.2% on the year, but very similar to the throughput recorded during May 2019. The increase on the year was mainly driven by an additional 118,600 clean pigs coming forward, whilst their average carcase weights were also up 1.1kg on the year at 87.1kg. Sow and boar throughput increased by almost 35%. The combination of higher throughputs and heavier average carcase weights led to a 17% increase in pork production during May, bringing the total production so far this year to be 7.6% higher than year-earlier levels.