HCC Market Bulletin

August 2021

HMRC has recently released the UK trade figures for the first 6 months of 2021. This month's Market Bulletin will look at these figures in greater detail.

The first 6 months of 2021 has been faced with restrictions related to foodservice in many countries,, a tight supply of both prime cattle and lambs, and some logistical issues following Brexit. Figures released by HMRC reveal that these factors have had an impact on the trade patterns seen here in the UK during the first 6 months of 2021. During the January to June period in 2021, figures from Defra suggest that total prime cattle slaughterings are down 3% on the year, whilst prime lamb slaughterings are down 8%. As a result, product available for exporting has been limited. The closure of the foodservice sector here in the UK and overseas has changed consumer eating habits, and so there has been a weaker demand for imported goods. In addition to these factors, there has been a strong demand for red meat from British consumers, which has inevitably impacted on the volume available for exporting.

BEEF

Figures from HMRC reveal that the total volume of beef **exported** from the UK during the first 6 months of 2021 stood at 61,600 tonnes. This is 31% (or 27,700 tonnes) lower than the corresponding period in 2020, whilst the value of total exports fell by 25% on the year to £185.6 million. Within this total, the volume of fresh/frozen beef volumes declined by 25% on the year to 45,300 tonnes. Shipments of fresh/frozen product to Ireland fell by 17.5% on the year to 14,150 tonnes – although Ireland remains to be the main destination for beef exports. Of the other main markets; France was the only destination to record a year-on-year increase in volume terms as an additional 900 tonnes was sent to the French market. It should be noted that the decline in exports comes as the UK is currently experiencing a tightening in supply of cattle, along with a firm demand for beef at retail and new trading arrangements with the EU following Brexit – all of which are currently having an impact on beef export volumes.

The total volume of beef **imported** to the UK during the 6-month period stood at 125,400 tonnes. This is almost 13% below year-earlier levels, whilst the value of imports declined by just 2% to £507.6 million. Looking at fresh/frozen imports, volume declined by almost 10% on the year to 100,000 tonnes, whilst value remained relatively stable (up 0.1%). As would be expected, Ireland was the main exporter and accounted for almost 80% of all shipments, despite figures indicating volumes of Irish beef were down almost 12% on year-earlier levels. Reduced imports of Irish beef were anticipated due to tight supplies in Ireland, with Bord Bia figures suggesting current cattle throughput is some 7% behind last year. Of the other main exporters, both Poland and the Netherlands saw decreased volumes being shipped into the UK – down 1.6% and 13.2%, respectively.

SHEEP MEAT

Between January and June, the total volume of sheep meat **exported** from the UK totalled 30,500 tonnes – almost 25% less than the corresponding period in 2020, whilst the total value fell by 5% to £185.7 million. The volume of fresh/frozen product exported declined by 24% on the year to 29,000 tonnes, whilst value declined by 4%. Along with the high UK farmgate prices resulting in UK product being less competitive on the global market, the decline in production has limited exports, along with new trading arrangements following Brexit. Of the fresh/frozen product exported to date, 89% of the exports were to markets within the European Union. Exports to France have remained relatively stable on the year (volume down 1.4%), whilst shipments to Germany have declined by 16% during the 6-month period. As supply is usually highest during the latter half of the year, it is expected that trade will improve – however the continued strong farmgate prices may impact on export volumes particularly to price sensitive markets.

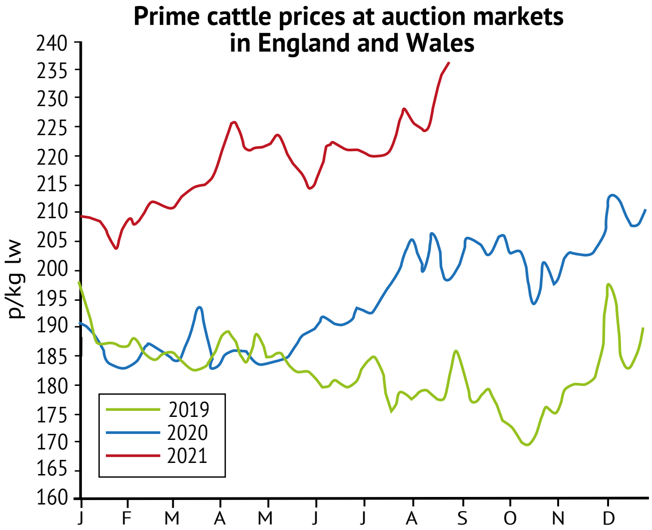
The total volume of sheep meat **imported** into the UK for the first half of 2021 totalled 31,700 tonnes – a decrease of 6,100 tonnes (or 16%) on year-earlier levels. Fresh/frozen products experienced a 17% decline on the year to total 27,700 tonnes, with over 90% of this category imported from non-EU countries. New Zealand was the largest exporter of fresh/ frozen sheep meat, however shipments from NZ decreased by 15% on the year to 20,200 tonnes. Although seasonal imports may be needed to fully meet UK sheep meat demand, it's forecasted volumes will remain subdued from both NZ and Australia as both continue to rebuild their flocks.

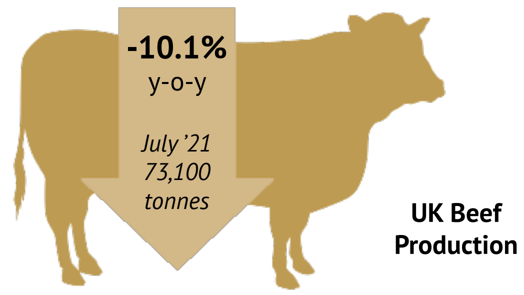
PORK

The total volume of pork **exported** between January and June decreased by 5% to 177,600 tonnes when compared to year-earlier levels. Value of exports experienced a marginal decline on year-earlier levels (down 1%) to total £304.7 million. The volume of fresh/frozen product exported recorded the largest year-on-year decline (down almost 18% to 101,900 tonnes), whilst an additional 16,400 tonnes of offal were exported during the 6-month period. Exports have been subdued despite an overall 9% increase in pork production during the period – mainly due to plentiful supply on the EU market, coupled with a decrease in import requirements from China. The volume of fresh/frozen pork exported to China during the period fell by 13% (or 7,300 tonnes) on the year, however the Chinese market continues to receive almost half of the fresh/frozen product exported from the UK.

Total pork **imports** during the 6-month period fell by 13% in volume terms to 335,300 tonnes, whilst value fell by 15% to £971.5 million. The volume of fresh/frozen products decreased by 17% on the year, whilst processed pork (which includes bacon and sausages) accounted for over 50% of imported volumes to the UK.

Note: *'total beef/lamb/pork' includes fresh, frozen, processed and offal products*

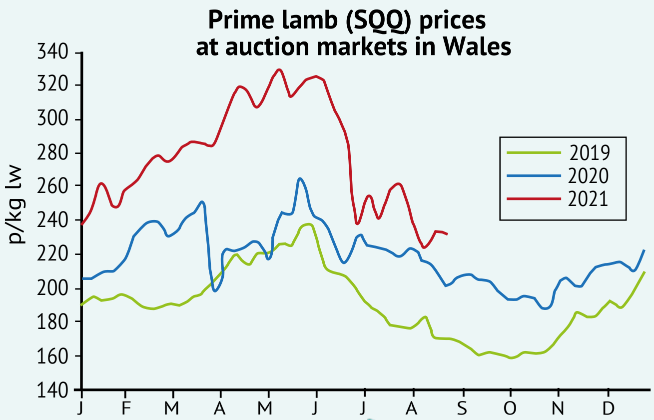


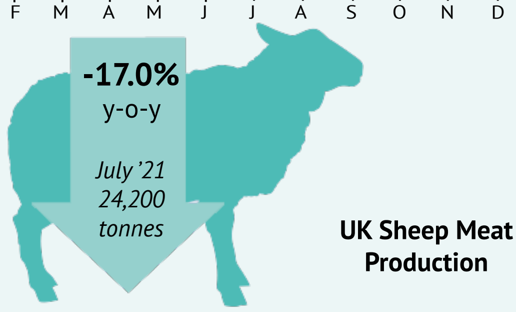


CATTLE

The prime cattle average market price in England and Wales stood at 236.0p/kg for the week ending 21 August – up 4.2p on the week. The current price remains strong when compared to historical averages, and is almost 38p above year-earlier levels, and 45p above the 5-year average (2016-20 average: 191.3p/kg). For the week ending 14 August, the average deadweight prices in England and Wales for steers stood at 405.7p/kg (up 0.3p on the previous week), which is 39p above year-earlier levels. The deadweight prices for heifers stood at 403.5p/kg (+0.3p on the week), young bulls at 398.3p/kg (+1.2p), and cull cows at 290.9p/kg (+0.2p).

Total cattle throughput at UK abattoirs stood at 218,400 head for July – down 10.6% on July 2020, and 2.2% lower than the corresponding month in 2019. Prime cattle throughput for the month was down 9.8% on the year at 162,200 head, with steer throughput down 9.6% on the year, heifer down 8.1%, and young bull down 15.5%. Adult cattle throughput was down 13.8% on the year at 51,500 head. As a result of the tight supply, total beef production for July was down 10.1% on the year. Looking at the first 7 months of this year, total cattle throughput is currently down 5% on the year."

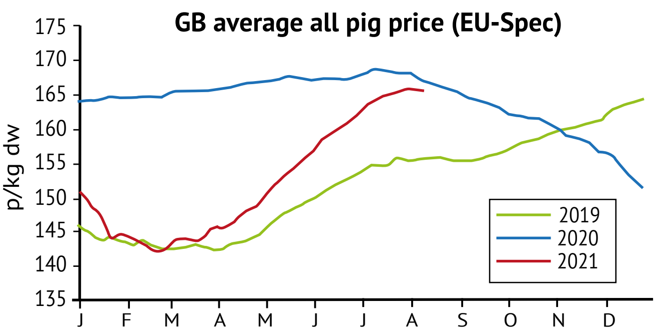


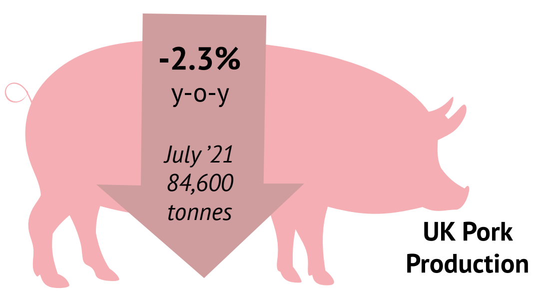


SHEEP

During recent weeks, the average prime lamb liveweight SQQ at auction markets in Wales has been trending nearer to levels seen last year. For the week ending 21 August, the average decreased slightly by 0.6p on the week to stand at 231.9p/kg. This is 30.5p higher than year-earlier levels, and 49p higher than the 5-year average (2016-20 average: 183.3p/kg). Cull ewe prices at auction markets in Wales averaged £66.90/head – down £2.30 on the previous week, but £11.40 higher than year-earlier levels. Deadweight lamb prices in GB stood at 515.8p/kg for the week ending 14 August (+47.5p on the year).

Total sheep throughput at UK abattoirs stood at 1,194,900 head for July – down 17.4% on the year. Within this, lamb throughput was down 16.1% at 1.1 million head (the highest monthly throughput so far this year). While there was a monthly increase in supply, average carcase weights were the lightest so far this year at 19.6kg. Cull ewe and ram throughput numbers also increased on previous months, despite numbers being down almost 28% on the year. The total volume of sheepmeat produced during July decreased by 17.0% on the year to 24,200 tonnes – which is the highest monthly volume produced so far in 2021.





PIGS

Pig prices have been recording week-on-week increases for several months now, however this pattern has slowed during the most recent week. For the week ending 7 August, the EU-spec All Pig Price (APP) decreased by 0.4p on the previous week to 165.4p/kg. The gap between this year and last year's high prices has continued to narrow, with the current average standing just 1.4p below year-earlier levels. The current price is also 9.4p higher than the 5-year average (2016-20 average: 155.9p/kg). Industry reports suggest there has been weakening demand from the export markets due to subdued consumer demand in the EU.

Total pig throughput at UK abattoirs stood at 961,400 head for July – down 3.1% on the year, but 3.8% higher than July 2019. Clean pig throughput decreased by 3.1% on the year to 939,700 head, whilst their average carcase weights were 86.7kg. Sow and boar throughput decreased by 2.5% on the year, whilst their average carcase weights were almost 1kg heavier than year-earlier levels at 144.7kg. The combination of lower throughputs led to a 2.3% decrease in pork production during July at 84,600 tonnes – however, production remains elevated compared to historical levels.