

HCC Market Bulletin

September 2021

Calving data from BCMS, along with cost of production figures from the Farm Business Survey, are key indicators for the current performance of beef herds in Wales. These figures also provide insight into where improvements can be made to improve productivity at farm level. This month's Market Bulletin will look at this data in greater detail.

Calving Period

According to the latest data from the British Cattle Movement Service (BCMS), the **average calving interval** for beef dams in Wales during 2020 was 427.3 days. This is up from 426.1 days in 2019, but is 7.7 days shorter than the average recorded back in 2010. Despite the progress seen over the last decade, there remains to be much improvement to reach the 365-day target between calvings. Insufficient growth rates or unmanaged fertility within herds may cause longer calving intervals, which likely result in multiple management problems and negatively impact business profits. A controlled breeding program could shorten calving intervals, which would in turn improve herd profitability by maximizing the number of calves possible in a dam's lifetime. Simpler cow and calf management, increased weaning weights, and shorter calving periods would also result from shorter calving intervals, along with simpler husbandry tasks (such as feeding, dehorning, and vaccinating) as the calves would be of similar ages.

The **average age at first calving** can also impact on the overall performance of a beef suckler herd. In 2020, the average age at first calving for beef dams in Wales stood at 994 days (or 33.1 months). This is a vast improvement when compared to 2019 (19 days younger) and when compared to the average age of 1,048 days recorded for 2010. Although there remains to be some room for improvement to reach the industry target of calving at 24 months (or 730 days), beef herds in Wales have shown significant progress during the last decade. Reaching the industry target would result in more calves being produced from each breeding cow over their lifetime, which can reduce herd replacement costs.

Average age at first calving for beef dams in Wales, 2020:
994 days
(19 days younger than 2019)

Profitability

The Farm Business Survey recently published the **cost of production** figures for the 2019/20 financial year, which provides insight into the financial performance of beef herds in Wales. For the most recent year, the data highlights that the top third performing herds had an overall cost of 182.2p/kg, and produced more kilograms per cow than the average performing herds. The top third performing herds recorded slightly lower costs for each variable which then

led to an overall difference of 185.0p/kg between the top and bottom third performing herds in terms of total costs. Herd replacement costs for the top third performers stood at 10.6p/kg, whilst the costs for the bottom performers were 8.9p/kg higher. Improving the age at first calving may help to reduce herd replacement costs which will benefit overall profitability. In a similar manner, improving calving intervals would decrease costs for both feed & forage and labour costings due to more compact husbandry periods for all three categories of performers. Despite feed & forage costs being the lowest for the top third performers, this variable did account for over 28% of total costs (compared to accounting for 23% for the average performers, and 20% for the bottom third performers). As the market returns are similar for all three categories of performers, this suggests that the focus should be on lowering costs in order to maximise profitability of beef herds in Wales.

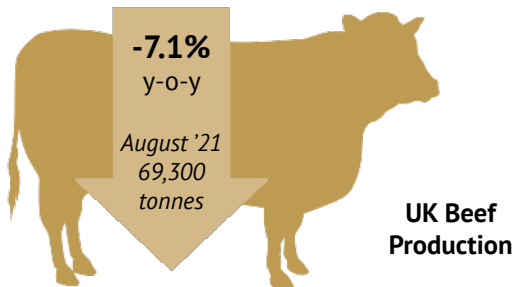
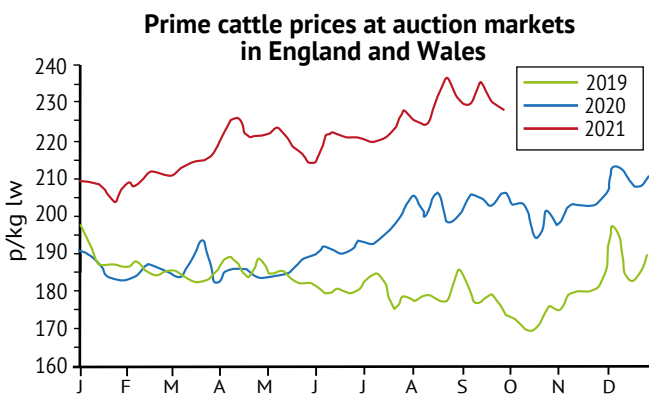
Suckler Beef Production Costs in Wales 2019/20:

p/kg liveweight	Average Performers	Bottom Third	Top Third
Total Costs	270.4	367.1	182.2
Market Returns	175.6	178.0	178.4
% Total Costs Covered by Market Returns	64.9	48.5	97.9

Source: Farm Business Survey

Summary

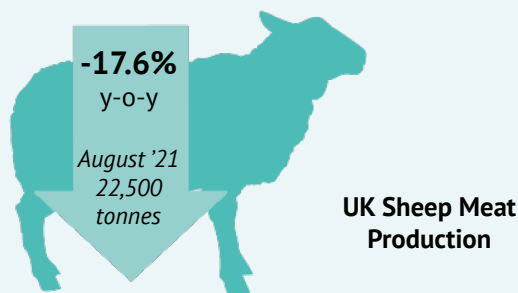
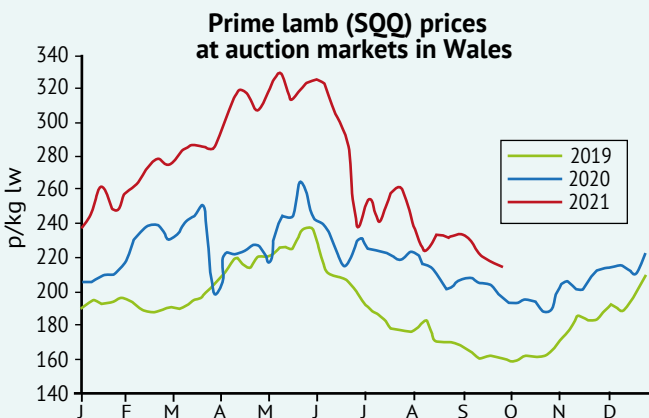
Whilst prime cattle farmgate prices in England and Wales have been strong during the first 9 months of 2021, data from BCMS for 2020 has indicated that beef herd performance could be improved in key areas at farm level in order to improve overall efficiency and potentially profitability. The main output from a beef suckler herd is the suckled calf, and therefore good cow management is key to optimising fertility and compact calving periods in order to produce a healthy suckler calf each year. Focusing on improving the productivity of the herd will help to reduce overall costings and labour at farm level, giving the producer more control during an ever-changing and volatile market. Improved efficiency would also ensure a continual supply of beef animals from the suckler herd, despite the recent pattern of breeding cow numbers declining in Wales. Additionally, increasing the number of calves born during a beef dam's lifetime will show improvements in environmental sustainability, and the 'Welsh Way' can continue to be a global beef production blueprint.



CATTLE

The prime cattle average market price in England and Wales stood at 228.1p/kg for the week ending 25 September – down 1.8p on the week. The current price remains strong when compared to historical averages, and is over 22p higher than year-earlier levels, and up 38p on the 5-year average (2016-20 average: 189.8p/kg). For the week ending 25 September, the average deadweight prices in England and Wales for steers stood at 409.8p/kg (up 0.7p on the previous week), which is 46.8p above year-earlier levels. The deadweight prices for heifers stood at 406.2p/kg (-1.5p on the week), young bulls at 399.1p/kg (+2.7p), and cull cows at 275.9p/kg (-6.6p).

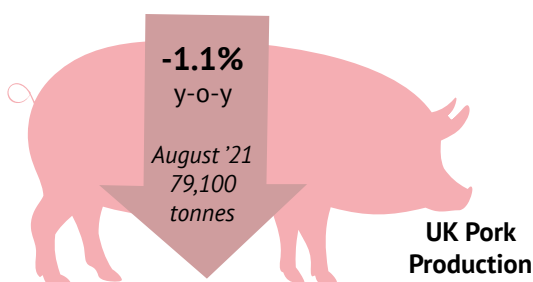
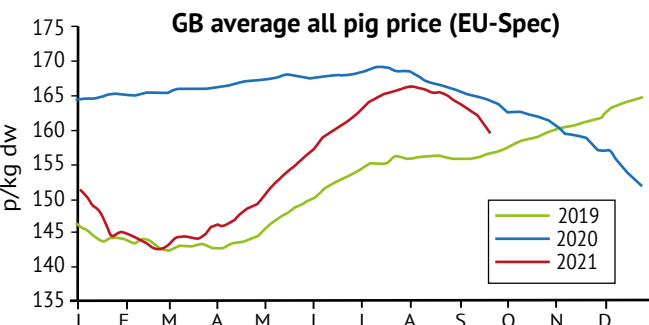
Total cattle throughput at UK abattoirs stood at 209,100 head for August – down 7.4% on August 2020, and 7.4% lower than the corresponding month in 2019. Prime cattle throughput was down 7.8% on the year at 151,300 head (the lowest monthly throughput recorded since September 2015). Steers and heifers recorded a throughput of 74,600 head (down 8% on the year) and 60,600 head (down 7% on the year) respectively, whilst young bulls fell by 10% on the year to 16,100 head. Adult cattle throughput was down 5.9% on the year at 53,100 head. As a result of the tight supply, total beef production for August was down 7.1% on the year. Looking at the first 8 months of this year, total cattle throughput was down 5.5% on the year, whilst production declined by 4.3%.



SHEEP

During recent weeks, the average prime lamb liveweight SQQ at auction markets in Wales has been returning to more seasonal levels, with prices recording their fourth week of price declines during the most recent week. For the week ending 25 September, the average price decreased by 2.5p on the week to stand at 214.9p/kg. Despite the decline, this is 17.9p higher than year-earlier levels, and 44.5p higher than the 5-year average (2016-20 average: 170.4p/kg). Cull ewe prices at auction markets in Wales averaged £57.80/head – down £5.10 on the previous week, but £4.10 higher than year-earlier levels. Deadweight lamb prices in GB stood at 494.0p/kg for the week ending 25 September (+31.1p on the year).

Total sheep throughput at UK abattoirs stood at just over 1.1 million head for August – down 19.0% on the year. Within this, lamb throughput was down 19.5% on the year at 997,700 head – which is also down 20.3% on 2019. Despite the decrease in throughput, the average carcass weights were up 0.6kg on the year at 19.8kg. Cull ewe and ram throughput numbers also fell by 14.3% on the year to 105,200 head. The total volume of sheepmeat produced during August decreased by 17.6% on the year to 22,500 tonnes. Looking at the first 8 months of this year, total sheep throughput was currently down 12.3% on the year, whilst production decreased by 11.3%.



PIGS

Pig prices have been recording week-on-week decreases for the past 7 weeks following a high of 165.7p/kg at the end of July. For the week ending 18 September, the EU-spec All Pig Price (APP) decreased by 1.8p on the previous week to 159.8p/kg. The current trend is mirroring the decline experienced at the end of last year, with current prices standing 4.0p below year-earlier levels. The current price is 4.2p higher than the 5-year average (2016-20 average: 155.7p/kg). Industry reports suggest that labour shortages in local abattoirs is putting pressure on the pig sector, along with the continued decrease in pork exports from the EU adding to the volume on the market.

Total pig throughput at UK abattoirs stood at 896,200 head for August – down 1.8% on the year, and a further 6.4% lower than August 2019. Clean pig throughput decreased by 1.1% on the year to 884,400 head, whilst their average carcass weights were 1.1kg heavier on the year at 87.5kg. Sow and boar throughput decreased by 35% on the year to 11,800 head. As a result of lower throughputs, pork production was down 1.1% on the year at 79,100 tonnes during August – the lowest monthly volume produced so far in 2021.