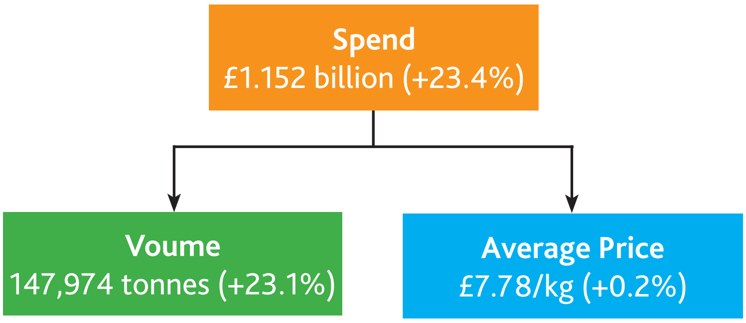
HCC Market Bulletin
September 2020

Beef sales at GB retail have performed well during the last 6 months, with a significant increase in the number of people buying higher valued cuts such as steak during the period. This month's Market Bulletin will look into the data from Kantar Worldpanel further.

Figures released by Kantar Worldpanel for the 24 weeks ending 09 August reveal that beef performed well at retail during the national lockdown, and continued this pattern throughout the summer months. During this period, the total volume of beef sold increased by 23.1% on the corresponding period last year to almost 148,000 tonnes. The average price per kilogram of beef remained stable on the year, which meant that total spend rose by 23.4% following the significant increase in volume sold.

Summary of GB Beef Retail Sales
(24 weeks to 9 August '20)



Source: Kantar Worldpanel

This rise in volume sold was a result of an increase in the frequency at which beef was bought by consumers – up 11.5% to 8.9 times (per buyer) during the time period. As consumers bought beef more often, consumers also bought slightly more beef each time as volume rose by 4.9% with each trip. Over three quarters (81.6%) of GB households engaged with the product at retail during the 24-week time frame – a 4.3% increase on year-earlier levels. These figures suggest that a number of new consumers engaged with beef.

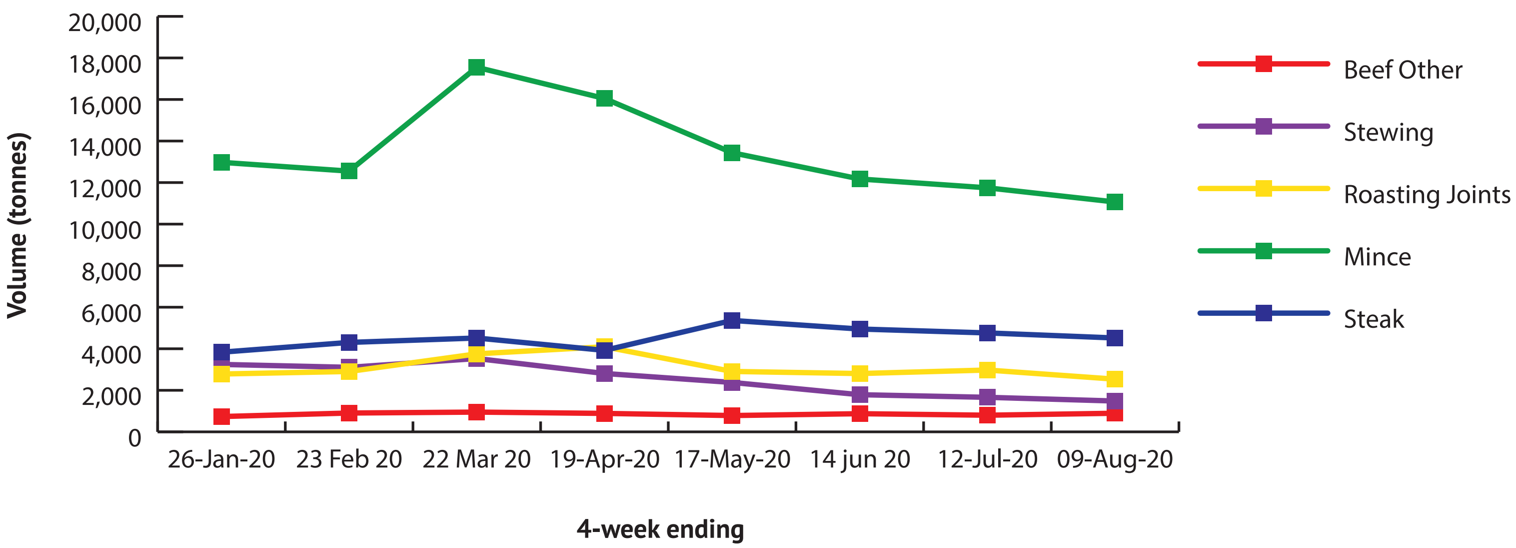
Beef Cuts

Overall, beef has performed well during recent months. The strongest growth in retail sales volumes of beef were recorded during March (+40.5%), April (+20.5%) and May (+27.1%) when compared to the corresponding periods in 2019*. Within the increase in total volume, the figures reveal that mince experienced strong volume sales during March (+ 45.2% on the year). As mince has been returning to more seasonal levels in recent months, steak sales have been strengthening. Sales of steaks during the 4 weeks to 19 April were 8.2% above year-earlier levels, with this increasing to 43.8% above 2019 levels during the 4 weeks ending 17 May.

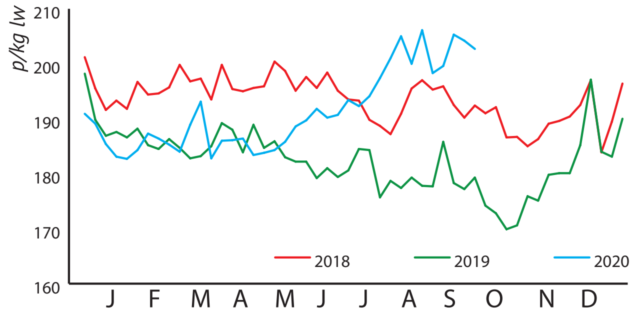
Looking at the overall 24-week period to 09 August, the volume of steak sold was up 23.1% on the year – with the frequency of purchase being the main driver behind the volume increase. The average price of steaks fell by 2.5% during the period, suggesting that promotional activity may have helped to drive sales here. Roasting joints have also performed well during the 24-week period, as a 10.7% increase in the total number of buyers led to an overall 13.4% increase in volume sold. Following the peak in purchases during lockdown due its versatility in the kitchen, mince has seen an overall 23.6% increase in terms of volume sold, and accounted for 55.4% of the total volume of beef sold at retail.

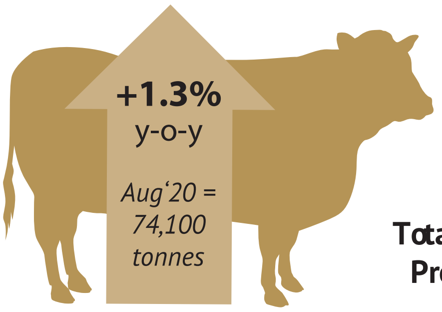
**based on the 4-week ending data from Kantar Worldpanel for GB retail.*

Performance of Beef Cuts at GB Retail



Prime Cattle Prices at Auction Market in England and Wales





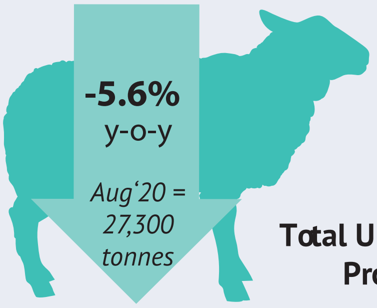
Total UK Beef Production

CATTLE

The all prime cattle average market price in in England and Wales stood at 202.7p/kg for the week ending 19 September – down 1.5p on the previous week. Despite the slight decrease on the week, prices continue to trend significantly higher (23.4p) than year-earlier levels, and almost 15p above the 5-year average (2015-19 average: 188.2p/kg). For the week ending 19 September, the average deadweight prices in England and Wales for steers stood at 363.3p/kg (-1.2p on the week) which is 44.3p above year-earlier levels. The deadweight prices for heifers stood at 362.7p/kg (-2.4p on the week), young bulls stood at 353.4p/kg (+0.1p), and cull cows at 241.1p/kg (-2.8p).

Total cattle throughput at UK abattoirs stood at 224,600 head for August – 0.5% below August 2019. This brings the total throughput for the first 8 months 2020 to 0.3% above year-earlier levels at 1.83 million head. Total prime cattle throughput for the month increased by 0.8% on the year to 161,300 head. Within this total, heifers saw the largest year-on-year increase in throughput (+5.3%). Adult cattle throughput was up 4.8% on the year. Industry reports suggest the continued strong prices during August may have helped to maintain throughput, resulting in beef production for August being up 1.3% on the year.

Prime Lamb (SQQ) Prices at Auction Markets in Wales



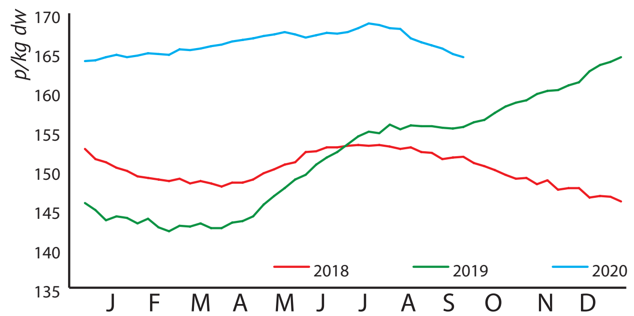
Total UK Sheepmeat Production

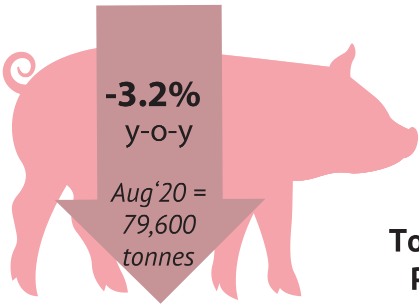
SHEEP

The Welsh prime lamb liveweight SQQ at auction has been easing in recent weeks, but remains above historic prices. For the week ending 19 September, the average price remained similar (-0.1p) to the previous week at 204.0p/kg – 41.1p above the corresponding week in 2019, and 40.5p above the 5-year average (2015-19 average: 163.5p/kg). Cull ewe prices at auction markets in Wales had another positive week, with the average price increasing by 7.0p on the week to average £9/head higher than the corresponding week last year at £55.05/head. Deadweight lamb prices in GB stood at 463.7p/kg for the week ending 19 September (-0.6p on the previous week).

Total sheep throughput at UK abattoirs stood at 1.4 million for August – down 4.7% on the corresponding month last year. Lamb throughput was high during August last year with the Muslim festival (Eid al-Adha) driving demand. The festival was held at the end of July this year; and so, lamb throughput was higher in July. Prime lamb average carcase weights during August were 0.1kg lighter than 2019 at 19.2kg. Following the lower throughput and lighter carcase weights, sheepmeat production during August was 5.6% below year-earlier levels

GB Average All Pig Price (EU-Spec)





Total UK Pork Production

PIGS

The EU-spec All Pig Price (APP) in GB stood at 164.4p/kg for the week ending 12 September – down 0.5p on the previous week, but higher than the corresponding week a year earlier (up 8.9p). This is the 9th consecutive week of recording price declines. Industry reports suggest declining prices in other European countries are influencing the weaker prices here in the UK. The 30kg average weaner price in GB for the week ending 12 September stood at £52.69/head (+5.6% on the year), whilst the 7kg weaner price stood at £43.45/head (+8.2% on the year).

Total pig throughputs at UK abattoirs stood at 908,400 head for August – 5.2% below the corresponding month last year. The decrease seen on the year was driven by a 5.3% fall in clean pig throughput during the month. Sow and boar throughput also experienced a small year-on-year decrease during August (down 0.9%). Average carcase weights of clean pigs during the month were heavier on the year at 86.4kg (up 1.8kg). Despite the heavier carcases, pork production for August fell 3.2% below 2019 due to the decrease in throughput numbers.