

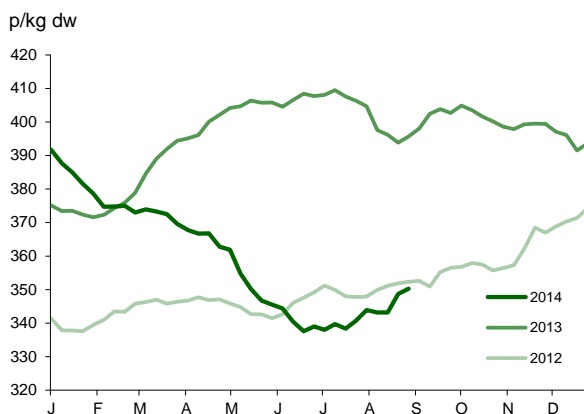
Cattle Weekly

5 September 2014, Issue 36

Prime cattle trade remains robust

For another week the [deadweight prime cattle trade](#) moved up. In week ended 30 August, with price rises across the board, the all prime GB deadweight average price increased another 4p on the week to 339.5p/kg and has now strengthened 13p/kg over the last month.

GB R4L deadweight steer price



Source: AHDB / EBLEX

Robust competition for cattle has continued to drive some upwards pressure in the market as reports suggest demand is moderately ahead of current supplies. AHDB/EBLEX estimates indicate that prime cattle throughputs were back over 2,000 head on the week. With significantly fewer steers marketed, the overall steer average increased 3p to 342.3p/kg, while, R4L steers surpassed the 350p/kg threshold for the first time since mid-May this year, up 2p on the week at 350.3p/kg. Heifer prices followed similar developments, with the overall average up 2p on the week to 342.9p/kg. Continuing to benefit most from the more positive trading climate, young bull prices increased to the greatest extent. The R3 young bull price was up 8p on the week to 327.8p/kg; it has moved up 16p/kg from the low point in the year so far that occurred just 5 weeks ago. However, despite reasonable demand for young bulls under 16 months of age, the penalties outside this are still in force and remain the biggest deduction by most processors.

While the strengthening in the market on the back of tighter numbers continues to be better news for producers, as the number of cattle finishing off grass increases, there is the potential for a finer balance in the market to resume.

European male cattle prices stabilise

After a difficult few months, the [EU male cattle market](#) has shown some signs of stabilising in recent months. The R3 EU steer price has been largely in line with

Cattle market at a glance

GB Liveweight prices week ending 03/09/14		
	Price p/kg lw	p/kg change on wk
Steers	184.3	-0.6
Heifers	198.1	-0.5
Young bulls	170.7	-0.7
Cows	107.0	-3.0

GB Deadweight prices week ending 30/08/14			
		Price p/kg dw	p/kg change on wk
Steers :	R4L	350.3	+1.6
	All	342.3	+3.4
Heifers :	R4L	345.8	+2.3
	All	342.9	+2.3
Young bulls :	R3	327.8	+7.6
	All	321.3	+7.0
Cows :	-O4L	247.0	+3.4
	All	229.6	-1.2

GB Estimated slaughtering		
	30/08/14	23/08/14
Steers	13,800	14,700
Heifers	9,900	10,900
Young bulls	4,200	4,600
All prime	27,900	30,200
Cows	8,200	9,900

Source: AHDB/EBLEX/LAA/IAAS

developments in the UK, which is not surprising given that the UK is the largest steer beef producer. By mid-August, the EU R3 steer price had moved up by over 1% since late June to average €361/100kg dw. UK steers continue to enjoy a premium - in mid-August it was around €30/100 kg dw, somewhat higher than the premium of €23 a year earlier but still down on the 2013/14 peak of €52 in early October last year.

Generally, since the beginning of 2013, the EU young bull market has been less volatile than the steer market. However, the UK R3 steer price premium over the R3 young bull price is now down to €60 having been as much as €100 in early October last year.

Gap between farmgate and retail price widens

With farmgate beef prices strengthening modestly on the month, while retail prices were virtually unchanged, the [producer share of the retail price](#) increased one percentage point during August to 47%. Despite this move upwards, the latest figure means that the producer share of the final retail price is still 7 percentage points lower than it was in January and 10 points back on its position in August last year.

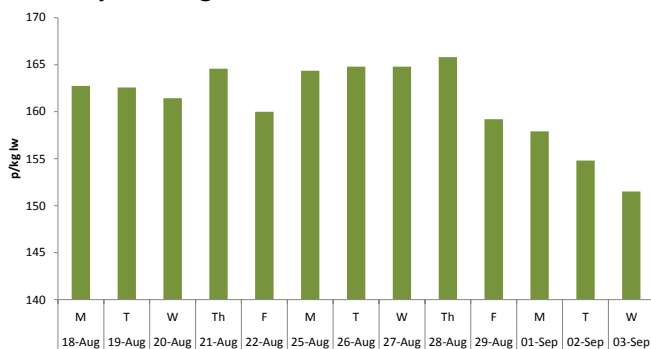
Sheep Weekly

5 September 2014, Issue 36

Pressure on lamb trade resumes

In week ended 3 September, the pressure on the liveweight lamb trade resumed following the August bank holiday disruptions of the week earlier. With the supply side of the equation being the key driver of trade, the [GB NSL SQQ price](#) reverted back onto its downwards trajectory by falling 7p on the week to average 157.3p/kg. Throughputs were recorded to be up over a quarter on the week earlier, not only due to the shorter trading week last week but also because of the increased numbers of finished lambs coming forward. In addition to the week-on-week fall, the price trend across the week has also been downwards. The SQQ on Thursday 28 August was 165.8p/kg. It had fallen to 151.5p/kg by Wednesday 3 September which represented the lowest point in the trade so far in 2014.

GB Daily liveweight SQQ



Source: AHDB/EBLEX/LAA/IAAS

The [deadweight trade](#) for week ended 30 August was also back on the week earlier. At 374.7p/kg the SQQ eased 2p to its lowest point since February 2013.

Despite the market being under pressure, reports continue to indicate that correct marketing of finished lambs is still delivering better returns. Lambs either under finished or too fat will always be more difficult to sell. However, with ample supplies in the market place processors currently have the opportunity to be more selective.

Producer share of retail price falls again

Despite retail prices easing on the month the producer share of the [final retail price](#) declined in August compared to the month earlier. This comes as farmgate prices fell to greater extent than retail prices. At 46% the final share of the retail price that producers received was back 3 percentage points on the month and has fallen from 60% over the past two months. While this fall is part of the usual pattern, the current August share is well below the level recorded for the same month in recent years; In August 2013 producers were receiving 53% of the final retail price.

Sheep market at a glance

GB Liveweight prices week ending 03/09/14		
	Price p/kg	p/kg change on wk
Lambs SQQ - NSL	157.3	-7.4
	£ per head	£ change on week
Cull ewes	54.7	-1.1
Store lambs - NSL	49.3	-1.2

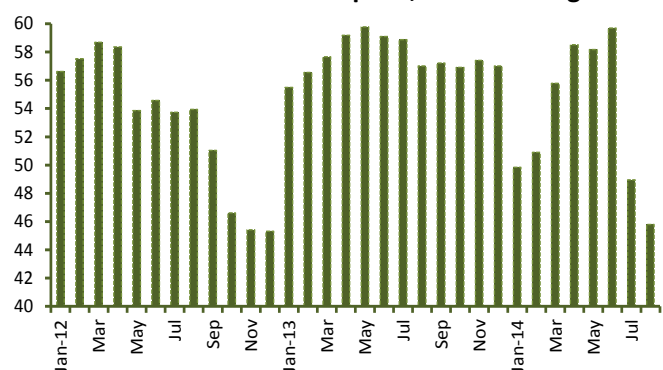
Deadweight prices week ending 30/08/14		
	Price p/kg	p/kg change on wk
GB lambs SQQ - NSL	324.7	-1.7

European prices week ending 31/08/14 (converted from €)		
United Kingdom	371.0	-2.2
Republic of Ireland	328.5	-1.7
France	489.5	-5.2
EU-25	396.0	-2.2

Estimated slaughterings (lambs)		
	30/08/14	23/08/14
Great Britain	235,000	270,000
Northern Ireland	12,800	12,300
Republic of Ireland	55,000	52,000

Source: AHDB/EBLEX/LAA/IAAS, EU Commission, Bord Bia, DARD

Producer share of final retail price, Jan 2012-Aug 2014



Source: AHDB/EBLEX

Despite easing slightly in August, retail lamb prices are still at a high level in a historical context. Having moved up at the end of last year and the early part of this year, by May prices obtained by the AHDB/EBLEX retail price survey were the highest they have ever been. The modest easing since then demonstrates that trade in the UK has been supported by good demand, both domestically and on the export market. In addition, with retail beef prices having strengthened considerably since the start of 2013, the ratio between the two meats has been maintained, resulting in limited, if any, downwards pressure on lamb prices at retail level.