



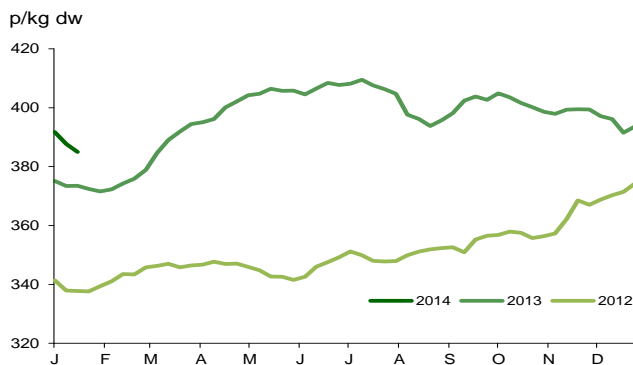
Cattle Weekly

24 January 2014, Issue 4

Ample supplies tip balance in the cattle trade

The previously fine balance in the prime cattle trade continues to be influenced by increased numbers coming forward, this at a time when consumer demand is seasonally slow. [AHDB/EBLEX estimates](#) suggest that in week ended 18 January throughputs were up by 6% (almost 2,000 head) on the week, and 7% up on the corresponding week last year. Reports suggest that with ample supplies to meet processors' needs, cattle outside supermarket specification are still proving difficult to place, in some cases even attracting significant penalties. With a significant upturn in demand unlikely in the short term, unless some real winter weather arrives, the supply side of the equation remains crucial to pricing.

GB R4L deadweight steer price



Source: AHDB/EBLEX

In the latest week price falls were evident across most cattle categories, both [steer and heifer values](#) declined 2p on the week to 378.7p/kg and 378.4p/kg respectively. In contrast, and following declines since late November, the overall average young bull price levelled at 343.0p/kg. Overall, the all-prime indicator fell by another 2p/kg to average 375.7p/kg. Although at its lowest point since March 2013, this price is still more than 3% ahead of year-earlier levels.

Cattle throughputs finish the year lower

[UK prime cattle slaughterings](#) in December totalled 138,000 head, 1% lower compared with the corresponding month last year. Continuing recent developments, throughputs of steers were significantly lower on the year, being back 5%, while heifer throughputs were broadly level year on year. Cull cow and adult bull throughputs continued the trend of the second half of the year, being back 11% on the year at 42,900 head. With lower carcass weights again exacerbating the reduced numbers, total beef and veal production in the UK during December was almost 4% lower year on year, having totalled 60,600 tonnes.

Cattle market at a glance

GB Liveweight prices week ending 22/01/14		
	Price p/kg lw	p/kg change on wk
Steers	187.1	-4.4
Heifers	198.2	-2.2
Young bulls	168.9	-4.5
Cows	105.3	-2.6

GB Deadweight prices week ending 18/01/14			
		Price p/kg dw	p/kg change on wk
Steers :	R4L	385.0	-2.7
	All	378.7	-2.2
Heifers :	R4L	381.5	-2.7
	All	378.4	-2.5
Young bulls :	R3	354.0	-3.8
	All	343.0	+0.6
Cows :	-O4L	236.7	+1.0
	All	222.9	-0.3

GB Estimated slaughterings		
	18/01/14	11/01/14
Steers	16,500	15,800
Heifers	13,600	12,500
Young bulls	3,400	3,400
All prime	33,600	31,700
Cows	13,100	11,300

Source: AHDB/EBLEX/LAA/IAAS

The total number of prime cattle slaughtered in the UK during 2013 was back 2% on the year, at 1.93 million head. As a reflection of the smaller cattle herd, this takes the prime cattle kill to its lowest point since at least 1970, when DEFRA records began, and probably longer.

A full review of throughputs in 2013 and the subsequent impact on production is available on the [EBLEX website](#).

Irish beef and veal production higher in 2013

The December 2012 Irish cattle census delivered evidence of growing confidence in the Irish cattle sector. Overall cattle numbers were up with most of this increase resulting from large rises in the number of cattle less than two years old. As expected, this has resulted in more beef coming onto the market in 2013. According to the Irish Central Statistics Office, total cattle slaughterings were up 7% on the year. As a result, production in 2013 was up 5% on the year at 518,000 tonnes.

Bord bia estimates indicate that the Irish cow kill was 11% higher year on year, with prime cattle slaughterings 6% higher.

Sheep Weekly

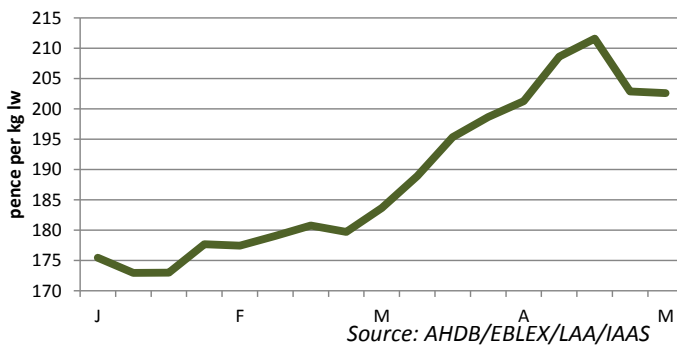
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Lamb prices rebound

Having edged back in the first two weeks of January, [liveweight lamb prices](#) have now rebounded, likely helped by some tightening of numbers. In week ended 22 January the GB SQQ increased by almost 7p/kg on the week to average 181.8p/kg. This came as the number of lambs forward at GB auction marts fell by 8%. By the end of the week, prices were still strengthening, with the SQQ on Wednesday 22 January increasing by 10p/kg on the week to average 183.5p/kg. Stronger prices have also continued into Thursday, with the provisional (5pm) SQQ showing an uplift of 6p/kg on the week at 185.2p/kg.

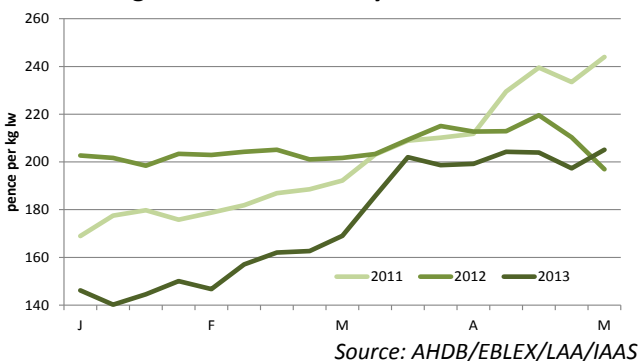
While this uplift is an encouraging sign for producers, it remains to be seen whether this is just an adjustment in the trade, on the back of tight supplies, or if demand has now turned a corner. The questions remains, is this the expected seasonal uplift already?

2009-2013 5 year average GB OSL SQQ Jan-May



Looking at a five year average between 2009 and 2013 (above graph), prices do generally pick up slightly in late January, before being relatively stable during February. From here prices generally show a sharper rise, as Easter approaches and demand becomes much stronger. However, as the previous three years have shown, this pattern can vary.

GB liveweight OSL SQQ Jan-May 2011-2013



Sheep market at a glance

GB Liveweight prices week ending 22/01/14		
	Price p/kg	p/kg change on wk
Lambs SQQ - OSL	181.8	+6.6
	£ per head	£ change on week
Cull ewes	50.0	-0.1
Store lambs - OSL	55.2	-0.4

Deadweight prices week ending 18/01/14		
	Price p/kg	p/kg change on wk
GB lambs SQQ - OSL	394.7	-8.2

European prices week ending (converted from €) 19/01/14		
United Kingdom	392.3	-7.8
Republic of Ireland	353.8	-3.0
France	529.2	-9.5
EU-25	414.9	-6.6

Estimated slaughterings (lambs)		
	18/01/14	11/01/14
Great Britain	205,100	217,600
Northern Ireland	7,000	8,300
Republic of Ireland	35,800	36,700

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

In 2012, with prices very strong going into January, the trade failed to move higher, remaining at roughly the same level until the middle of March. While in 2013 prices consistently picked up from this point onwards, however this was coming from a much lower starting point of roughly 140p/kg. In 2011, when prices were at roughly the same point we are now, prices took until mid-February to show any real lift.

December sheep kill still higher

During December 2013, [UK slaughterings](#) of both lambs and adult sheep continued to track above year-earlier levels. At 1.08 million head, the UK lamb kill for the month was 3% higher year on year. This comes as the better seasonal conditions have resulted in a more normal marketing pattern for lambs. These better seasonal conditions continue to result in increased carcase weights, with the average for the month 2% (0.4kg) higher than year-earlier levels. While this is higher than the low levels of the previous year, carcase weights were still lower than they were in December 2011. Adult sheep slaughterings for the month were still well ahead of year-earlier levels being 10% higher, at 173,000 head. These monthly figures take the yearly total kills to 12.47 million for lambs and 2.08 million head for adult sheep, annual increases of 5% and 12% respectively. A full round up of 2013 slaughterings and production can found on the [EBLEX website](#).