

Cattle Weekly

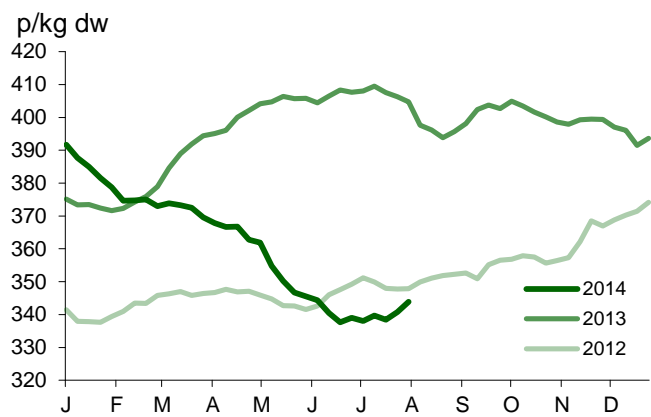
8 August 2014, Issue 32

A more positive trading climate?

In week ended 2 August, the [deadweight cattle trade](#) edged up modestly compared with the previous week. At 326.7p/kg, the GB all prime average price increased by over a penny on the week. This is the first week this year that this indicator has moved up by anything more than a fraction. With dwindling cold store stocks, as the summer holiday demand for burgers continues, competition amongst processors appears to have been notably stronger. This potentially indicates a more positive trading environment may be developing.

Estimates suggest that in the latest week, fewer steers were forward and consequently R4L steer prices strengthened 3p on the week to average 343.9p/kg. At this price they have increased 6p/kg over the past fortnight. In contrast, with increased numbers forward, R4L heifers were back a penny on the week to average 335.4p/kg. Despite more young bulls coming forward, the overall average price increased 2p on the week to 305.9p/kg. Currently reports suggest that demand for those young bulls that are in specification and under-16 months of age is more robust.

GB R4L deadweight steer price



Source: AHDB / EBLEX

Once again, the cull cow trade remained firm in the latest week as demand still appears to be ahead of supply. In week ended 2 August, the GB -O4L cow price increased a penny on the week to 243.9p/kg. Cows are reported to be finishing well due to better seasonal conditions, giving producers the opportunity to take advantage of some very firm prices for cows fitting specific processor requirements.

Strong Brazilian beef exports in the first half of the year

The widely anticipated expansion in Brazilian beef export volumes, evident last year, has continued in the first half of this year. Hitting their highest first half position since 2007, volumes were up 14% on the year to almost 600,000 tonnes. Further details can be found [here](#).

Cattle market at a glance

GB Liveweight prices week ending 06/08/14

	Price p/kg lw	p/kg change on wk
Steers	178.2	+2.6
Heifers	190.7	+0.5
Young bulls	160.5	+3.9
Cows	109.2	+1.5

GB Deadweight prices week ending 02/08/14

	Price p/kg dw	p/kg change on wk	
Steers :	R4L	343.9	+3.1
	All	330.3	+2.0
Heifers :	R4L	335.4	-0.8
	All	332.2	-0.3
Young bulls :	R3	312.7	+1.1
	All	305.9	+1.8
Cows :	-O4L	243.9	+0.6
	All	227.2	+0.6

GB Estimated slaughtering

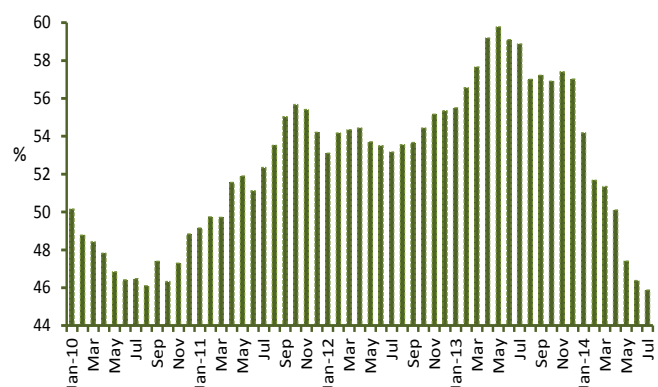
	02/08/14	26/07/14
Steers	14,400	14,900
Heifers	10,500	9,900
Young bulls	6,000	5,800
All prime	30,900	30,700
Cows	7,800	7,700

Source: AHDB/EBLEX/LAA/IAAS

Gap between farmgate and retail price widens

With farmgate beef prices edging down a fraction month on month and retail prices slightly higher, [the producer share of the retail price](#) fell one percentage point during July, to 46%. The latest figure means that the producer share of the final retail price is still eight percentage points lower than it was in January and 13 points back on its position in July last year.

Producer share of final retail price, Jan 2010-Jul 2014



Source: AHDB/EBLEX



Sheep Weekly

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Lamb trade creeps back over 170p/kg mark

With other farm work taking priority and prices not encouraging numbers forward, the trade has rebounded slightly as numbers look to have remained tighter than of late. At 169.7p/kg, the weekly NSL SQQ at [GB auction marts](#) was nearly 3p stronger week on week. While the weekly average was close to the 170p/kg market the daily trade for Monday and Tuesday actually crept over this level.

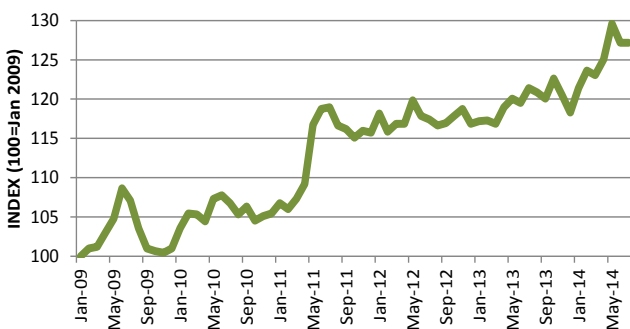
While the supply side of the equation has likely been the key driver in the trade, the break in the recent hot weather will hopefully have stimulated retail demand to some extent. This comes as lamb consumption generally benefits from cooler weather as consumers are less likely to choose lighter meals.

Having shown some recovery in the previous week the [deadweight trade](#) resumed its downwards trajectory in week ended 2 August. At 382.0p/kg, the GB NSL SQQ was down 22p on the week. This movement broadly puts the deadweight trade in line with where the liveweight market currently is.

Lamb retail prices at record highs in 2014

Results from the AHDB/EBLEX retail price survey show that lamb prices have hit new record highs in 2014 following a number of years of relative stability.

GB lamb retail price index 2009-2014



Source: AHDB/EBLEX

While retail lamb prices have been slowly getting stronger over a period of years, the movement in late 2013 and into 2014 has heralded a further sharp uplift. By May, prices were the highest they have ever been. From this point, they eased slightly during June before remaining stable in July. This has likely come as farmgate prices in the UK and globally have actually been relatively firm so far this year, with good demand seemingly occurring both domestically and on the

Sheep market at a glance

GB Liveweight prices week ending 06/08/14

	Price p/kg	p/kg change on wk
Lambs SQQ - NSL	169.7	+2.6
	£ per head	£ change on week
Cull ewes	58.0	+1.4
Store lambs - NSL	55.3	+2.8

Deadweight prices week ending 02/08/14

	Price p/kg	p/kg change on wk
GB lambs SQQ - NSL	382.0	-22.0

European prices week ending 03/08/14 (converted from €)

United Kingdom	378.7	-20.7
Republic of Ireland	336.5	-1.7
France	496.4	-1.3
EU-25	404.8	-10.8

Estimated slaughterings (lambs)

	02/08/14	26/07/14
Great Britain	247,100	231,800
Northern Ireland	12,700	12,900
Republic of Ireland	n/a	51,600

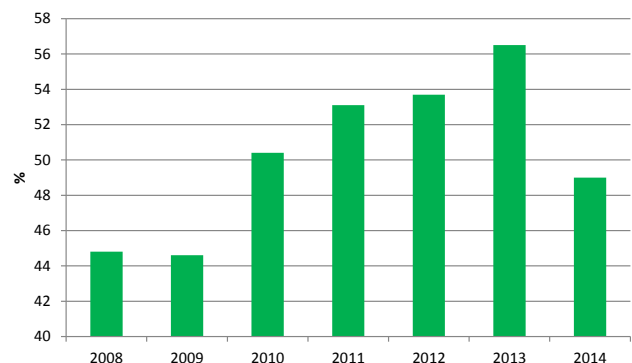
Source: AHDB/EBLEX/LAA/IAAS, EU Commission, Bord Bia, DARD

export market. Additionally, with retail beef prices having strengthened considerably since the start of 2013, the ratio between the two meats has been maintained leading to higher lamb prices.

Farmer share of retail price falls

With farmgate prices undergoing the usual seasonal fall and retail prices static, the [share of the final retail price](#) received by the producer fell sharply during July. At 49% the producer share fell from the 60% received during June. While this fall is part of the usual pattern, the current July share is well below the level recorded for the same month in recent years.

Producer share of GB retail price



Source: AHDB/EBLEX