

Cattle Weekly

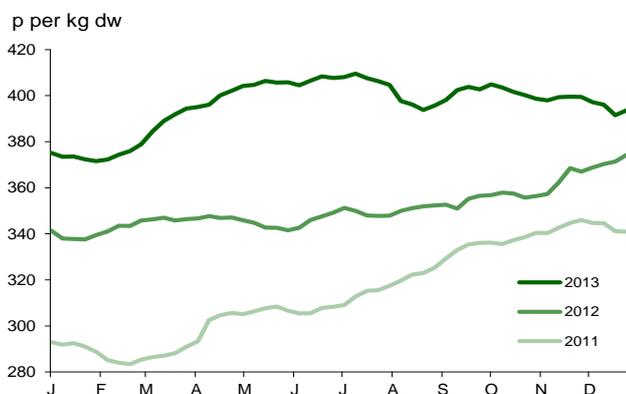
3 January 2014, Issue 1

Trade levels over the holiday period

With a fluctuating degree of activity over the Christmas holiday period, it is difficult to ascertain a realistic picture of trade. However, reports still suggest that beef sales remain subdued on the back of high prices and that with supplies on offer adequately matching demand, any upwards pressure on price has largely dissipated. Should colder weather arrive, this has the potential to stimulate better demand. However processors are likely to remain cautious, ensuring supplies match their retail orders.

With prices failing to improve in the run up to Christmas and some plants reported to be closed for an extended period of time, [deadweight cattle prices](#) have broadly levelled over the two-week holiday period. In week ended 28 December, at 383.2p/kg, the all prime average was almost unchanged compared with the last uninterrupted week before Christmas. Despite the end of year trend having been contrary to seasonal expectations, prime cattle average prices are still up 5% since the turn of 2013.

GB R4L deadweight steer price



Source: AHDB/EBLEX

In contrast, at [GB auction marts](#) in week ended 1 January, the all prime cattle average was up 11p over the past fortnight to 205.8p/kg. However, most of the increase was driven by improved trade in the week to 25 December as availability varied.

Lower steer throughputs and carcase weights lead to another drop in production

[UK prime cattle slaughterings](#) in November totalled 157,800 head, 2% lower compared with the corresponding month last year. Continuing the trend in 2013, all regions of the UK indicated reduced availability of steers; throughputs in total were back 6% on the year. Heifer throughputs were up 2% - they have been above year-earlier levels since April.

Cattle market at a glance

GB Liveweight prices week ending 01/01/14		
	Price p/kg lw	p/kg change on wk
Steers	201.6	-12.4
Heifers	215.7	+0.8
Young bulls	188.5	+5.3
Cows	101.4	+1.3

GB Deadweight prices week ending 28/12/13			
		Price p/kg dw	p/kg change on wk
Steers :	R4L	393.6	+2.1
	All	386.7	+2.7
Heifers :	R4L	387.6	+0.9
	All	385.6	+4.0
Young bulls :	R3	360.9	-0.3
	All	347.0	-2.0
Cows :	-O4L	236.1	+8.7
	All	230.0	+22.9

GB Estimated slaughterings		
	28/12/13	21/12/13
Steers	7,500	16,500
Heifers	6,600	13,500
Young bulls	1,600	4,600
All prime	15,700	34,600
Cows	2,200	10,800

Source: AHDB/EBLEX/LAA/IAAS

The sustained increase in Great Britain, in particular, could indicate a reduction in the number of females being retained for breeding in the UK, a situation which clearly has long-term implications for the UK beef industry.

[Cull cow throughputs](#) were again markedly lower in all regions of the UK, although this time last year producers were experiencing serious concerns over forage availability through the winter which meant that cullings were high. With lower cereal prices offering the opportunity for some producers to be able to retain cows on finishing rations, it is likely throughputs will be lower into the coming months.

Carcase weights for steers during the month were again lower than in the corresponding month in 2012, exacerbating the fewer cattle being slaughtered. However, for heifers they were up on the year for the second month in a row. Despite this, total beef and veal production in the UK was still almost 5% lower year on year at 71,200 tonnes.

Sheep Weekly

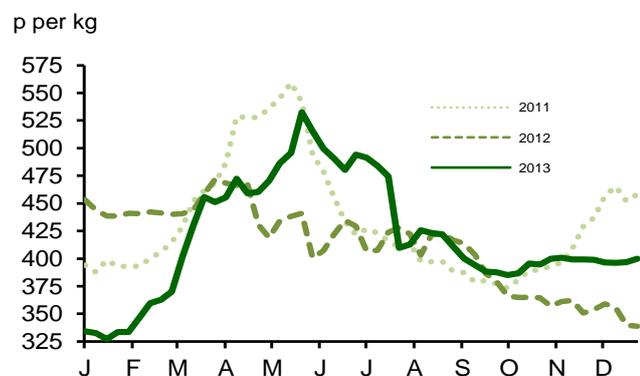
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Lamb prices edge up

Although lamb prices remain well above last year's level, there has been no evidence of a seasonal uplift during the run into the holiday period for the second consecutive year. However, after flat-lining for many weeks, the lamb trade at [GB auction marts](#) has edged up marginally during the Christmas period. In the disrupted week ended 1 January, the SQQ increased 6p on a week earlier to average 187.4p/kg. Cull ewe prices have also been disappointing since the summer, possibly more of a reflection of the exceptionally good prices in recent years than anything else. Despite this, in the latest week, at £54 per head they were up £2 on the week and £5 over the past fortnight.

The [deadweight lamb trade](#) has also showed upward movement, following the liveweight trade over the holiday weeks. With the fine balance in the market, the SQQ in week ended 28 December increased 3p on the week to 399.9p/kg, its highest level since early November.

GB deadweight SQQ lamb price



Source: AHDB/EBLEX

Looking ahead, in the short term there remains the expectation that supplies of lamb will remain relatively tight in the first half of 2014, although maybe not as much as previously thought. However, with retail prices generally still high, consumer demand appears to have been subdued in late 2013, with the expected seasonal uplift for Christmas failing to materialise. Despite this, and offering some positivity, prices have not fallen. If there is some strengthening of domestic demand, combined with a favourable sterling/euro relationship, then there is the opportunity for prices to be supported going forward.

Sheep market at a glance

GB Liveweight prices week ending 01/11/14		
	Price p/kg	p/kg change on wk
Lambs SQQ - NSL	187.4	+5.5
	£ per head	£ change on week
Cull ewes	54.4	+1.9
Store lambs - NSL	52.2	-2.0

Deadweight prices week ending 28/12/13		
	Price p/kg	p/kg change on wk
GB lambs SQQ - NSL	399.9	+3.0
European prices week ending (converted from €)		
United Kingdom	n/a	n/a
Republic of Ireland	n/a	n/a
France	n/a	n/a
EU-25	n/a	n/a

Estimated slaughterings (lambs)		
	28/12/13	21/12/13
Great Britain	127,400	296,900
Northern Ireland	n/a	n/a
Republic of Ireland	23,100	44,500

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

November lamb kill above last year, but still historically low

The [UK lamb kill](#) in November was 1% higher than a year earlier at 1.08 million head. However, slaughterings were particularly low last autumn as the adverse weather led to delays finishing animals. In reality, throughputs remain low by historical standards, providing further evidence that this year's lamb crop was hit by the bad conditions in the spring. Lamb numbers were 5% down on November 2011 levels. The biggest year-on-year increase in the kill was in Northern Ireland, where throughputs were up by 10%, while in England and Wales numbers were only up marginally. In addition, and as has been the case all year, UK adult sheep slaughterings were well ahead of 2012 levels. At 168,400 head, throughputs were 10% higher than last November.

The better seasonal conditions this year again meant that carcase weights were up on last year, with the average for lambs close to the level recorded in November 2011, at 19.1kg. With adult sheep also slaughtering at higher weights sheep meat production was 5% up on the year at 25,100 tonnes, although it was still well below the level two years earlier.