

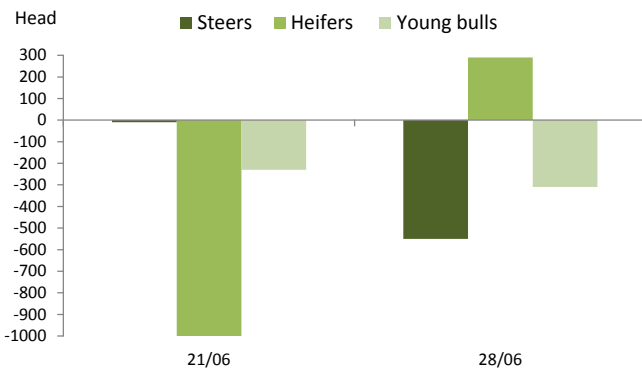
Cattle Weekly

4 July 2014, Issue 27

Some stability in GB prime cattle trade

In week ended 28 June, the [deadweight cattle trade](#) broadly levelled. Despite this, the supply/demand balance is still very narrow, with numbers in Ireland in particular still very strong (see below). Nevertheless, with GB slaughterings slightly lower week on week and the warmer weather acting as a modest stimulus to demand, the all prime average price was a fraction up on the week at 325.2p/kg. While average steer and heifer values both levelled, R4L averages increased, with heifers up a fraction to 333.4p/kg and steers up a penny to 339.0p/kg. Young bull prices increased across the board and, at 305.6p/kg, the overall average price was up almost 4p on the week.

Week-on-week change in slaughterings



Source: AHDB/EBLEX

The [cull cow trade](#) has recently been fairly robust, with reports consistently suggesting that there is strong demand for well fleshed cows. This is likely being helped by an increased requirement for manufacturing beef amidst the hotter weather of late. In week ended 28 June the average -O4L cow price increased a penny on the week to 246.5p/kg. AHDB/EBLEX estimates indicate that cull cow slaughterings have been behind year earlier levels for most of the year, a situation underpinning price stability in the trade. Despite this the strengthening pound and competition from poorer quality clean cattle could present some risk for the trade going forward.

Irish steer prices fall to three-year low

Following some stability throughout May, in recent weeks, the Irish R3 steer reference price has resumed a fairly [steep downwards trajectory](#). At the equivalent of 290p/kg, the Irish R3 steer price in week ended 22 June was down 18p/kg since the end of May, to its lowest point since April 2011. The pressure on price in Ireland continues to be driven by much increased supplies and weakened consumer demand in key markets (especially the UK). Bord Bia figures for the prime cattle kill in Ireland in the latest week showed another significant increase.

Cattle market at a glance

GB Liveweight prices week ending 02/07/14

	Price p/kg lw	p/kg change on wk
Steers	173.0	-1.5
Heifers	190.7	+0.2
Young bulls	155.9	-1.4
Cows	112.9	-2.9

GB Deadweight prices week ending 28/06/14

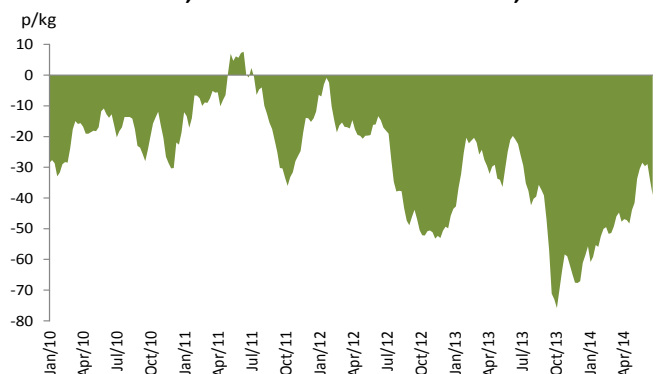
	Price p/kg dw	p/kg change on wk	
Steers :	R4L	339.0	+1.4
	All	327.4	-0.1
Heifers :	R4L	333.4	+0.3
	All	330.7	-0.6
Young bulls :	R3	309.3	+1.1
	All	305.6	+3.5
Cows :	-O4L	246.5	+0.9
	All	233.0	-0.4

GB Estimated slaughterings

	28/06/14	21/06/14
Steers	15,400	16,000
Heifers	10,600	10,400
Young bulls	6,000	6,300
All prime	32,000	32,600
Cows	8,000	8,000

Source: AHDB/EBLEX/LAA/IAAS

Price differential, ROI R3 steers vs UK R3 Steers, 2010 to 2014



Source: Eurostat

With Irish prices falling sharply, the price differential with the UK trade has widened in the past couple of weeks. While it is still much narrower than at the turn of the year, it is fairly high in a historical context. Consequently, pressure on the GB/UK cattle trade is likely to persist as the two markets attempt to move closer to each other. Irish supplies show little sign of slowing in the short term, meaning increased volumes of cheaper Irish product will continue to be available to the UK market. Consequently, despite some stability of UK prices in the latest week, the resumption of any upwards pressure on price in the short term seems unlikely.

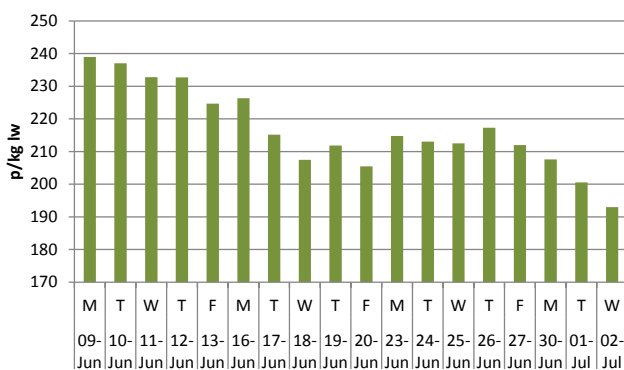
Sheep Weekly

4 July 2014, Issue 27

Lamb trade drops below 200p/kg

Having stabilised in the previous week, the [GB liveweight lamb trade](#) has now resumed its downwards trajectory. In week ended 2 July, the GB NSL SQQ was down 9p on the week at 204.3p/kg. However, across the week, prices continued to fall sharply. Having started the week at 217.3p/kg (Thursday 26 June), the daily SQQ for Wednesday 2 July was down 20p on the week at 193.0p/kg.

GB Daily Liveweight SQQs



Source: AHDB/EBLEX/LAA/IAAS

The [deadweight trade](#) has now started to respond to the falling liveweight trade. At 469.1p/kg, the GB NSL SQQ for week ended 28 June was down 33p on the week and has now fallen by 52p in the space of two weeks.

With considerably more lambs being marketed following the good conditions for this year's lamb crop, the trade is now tracking below year earlier levels. During June, throughputs of New Season Lambs at GB auction marts were 25% ahead of where they were a year ago. While the monthly average price for June was almost exactly what it was a year ago, the trade in the latest week is now tracking nearly 19p below the corresponding week in 2013. However, this is still ahead of the prices recorded in the corresponding week of 2012 and 2011.

Lower New Zealand volumes should persist

Two sets of newly-released data continue to point to a drop in the supply of New Zealand sheep meat on the UK and European markets. Firstly, [quota usage figures](#) from the European Commission show that New Zealand used only 42% of its 228,254 tonne allocation in the first six months of this year. This is down from 46% in the same period of 2013 and is well below historic levels.

Secondly, [latest export figures](#) from New Zealand continue to show that volumes to the UK and the EU are lower than they were a year ago. During May, New Zealand exports to the UK were 26% down on 2013

Sheep market at a glance

GB Liveweight prices week ending 02/07/14

	Price p/kg	p/kg change on wk
Lambs SQQ - NSL	204.3	-8.8
	£ per head	£ change on week
Cull ewes	67.8	-2.9

Deadweight prices week ending 28/06/14

	Price p/kg	p/kg change on wk
GB lambs SQQ - NSL	469.1	-33.0

European prices week ending 29/06/14 (converted from €)

United Kingdom	463.7	-32.2
Republic of Ireland	395.6	-14.3
France	502.3	-
EU-25	457.8	-18.9

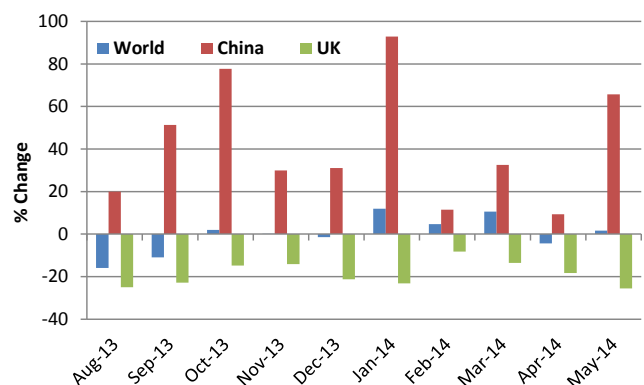
Estimated slaughterings (lambs)

	28/06/14	21/06/14
Great Britain	268,300	264,400
Northern Ireland	12,400	10,900
Republic of Ireland	54,240	51,300

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

levels, with volumes to the EU as a whole down 22% on the year. With total New Zealand exports still ahead of last year, this fall is largely a result of the continued shift in focus to the [Chinese market](#), with volumes during May up 66% on the year.

Y-O-Y change in NZ sheep meat exports



Source: Statistics NZ/GTIS

In addition to lower volumes, the average value of New Zealand exports to the UK was 16% higher than it was a year ago.

With [New Zealand supplies](#) set to tighten for the remainder of this year, exports to the UK should continue to be lower. Meanwhile, with a tightened world market and seemingly good demand, average values should continue to be robust as well.