

Further stability in the beef trade

In week ended 26 July, [deadweight cattle prices](#) steadied again. The overall GB all prime average remained around the 325p/kg mark. The balance in the market is partly down to fewer cattle coming forward, compared with a week earlier, although supplies were still ahead year on year. Reports suggest that, with good conditions continuing, more producers may be holding on to cattle if they are able, while processors continue to manage their stocks carefully. However, there was some indication of firmer demand for cattle reaching target specification, with R4L steers and heifers both up 2p on the week. In contrast, the average price of young bulls came back almost 5p.

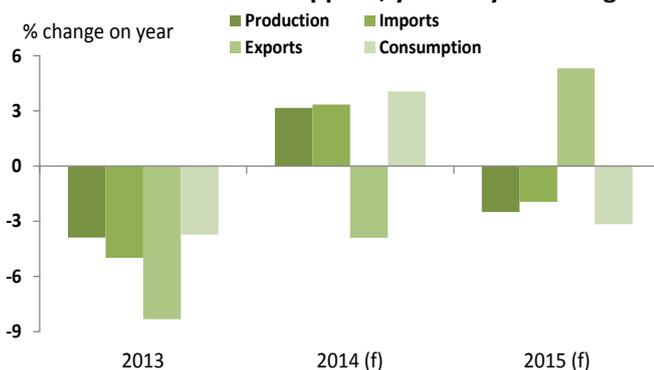
Following a similar pattern to the deadweight trade, prices at [GB auction marts](#) also demonstrated some stability. In week ended 30 July, the GB all prime price fell just a penny on the week to 174.3p/kg.

Despite Irish supplies having eased in the past couple of weeks, the strength of the pound may be limiting export opportunities and making imports more competitive. A combination of this and the challenges of carcase balance facing processors means that it looks likely that the market will remain finely balanced in the short term.

Supplies still forecast to tighten up

Little changed from previous positions, the latest AHDB/EBLEX forecasts for beef and veal still indicate the situation for the second half of the year and into 2015 is one of lower availability. With more domestic supply and the well documented increase in production in Ireland having an impact on imports, the UK beef market has been under pressure in 2014 so far. Looking ahead, the forecasts for availability later this year and into 2015 offer a more positive picture.

Actual and forecast for supplies, year on year change



Source: AHDB/EBLEX/DEFRA/HMRC

Cattle market at a glance

GB Liveweight prices week ending 30/07/14		
	Price p/kg lw	p/kg change on wk
Steers	175.6	-0.9
Heifers	190.2	-0.1
Young bulls	156.7	-1.2
Cows	107.7	-3.2

GB Deadweight prices week ending 26/07/14			
		Price p/kg dw	p/kg change on wk
Steers :	R4L	340.8	+2.4
	All	328.3	N/C
Heifers :	R4L	336.2	+1.8
	All	332.5	+1.9
Young bulls :	R3	311.6	-1.0
	All	304.1	-4.6
Cows :	-O4L	243.3	-2.2
	All	226.6	-2.3

GB Estimated slaughterings		
	26/07/14	19/07/14
Steers	14,900	15,000
Heifers	9,900	10,800
Young bulls	5,800	5,800
All prime	30,700	31,600
Cows	7,700	7,900

Source: AHDB/EBLEX/LAA/IAAS

With lower production, increased exports and lower imports, supplies available on the UK market next year are forecast to be lower than in 2014, meaning that the possibility of firmer prices is improved. However, as always, much will depend on how demand responds, particularly once the holiday season is over and the weather begins to turn colder.

Further analysis of these forecasts can be found in the July edition of the [Cattle and Sheep Market Update](#).

US cattle herd continues to contract

The United States Department of Agriculture (USDA) has reinstated the July Cattle inventory report this year after federal government spending cuts meant it was removed from production in 2013. The latest report shows that the national cattle herd has continued to contract. Lower breeding stock numbers have been reported, indicating it may be some time before the US cattle herd returns to an expansion phase. Lower beef and veal production this year and next is likely to continue to translate into historically high beef prices for consumers. More details are available on the [EBLEX website](#).

Sheep Weekly

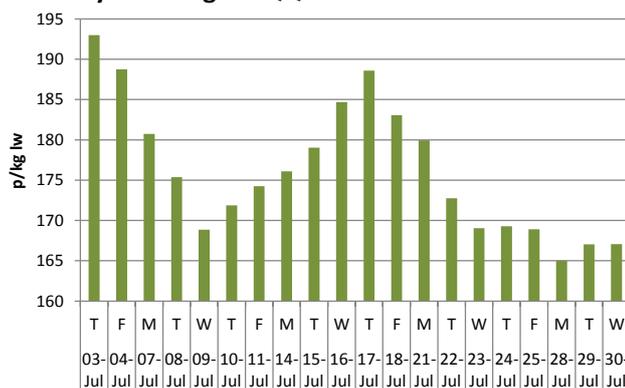
1 August 2014, Issue 31

Lamb prices steadier despite falling on the week

While [liveweight lamb prices](#) are lower on the week, there does appear to have been some steadying in the trade, with prices broadly level over the course of the most recent week.

At 167.1p/kg, the GB NSL SQQ in week ended 30 July was down 11p on the week. However, across the week prices were relatively steady as numbers were evidently tighter, with mart throughputs down 20% on the previous week. During the week, the daily SQQs were all within the 165-170p/kg range as the trade was largely stable across the week. By Wednesday 30 July, the trade was only slightly down on the week, with the daily SQQ 2p lower than the previous Wednesday at 167.1p/kg.

GB Daily Liveweight SQQs

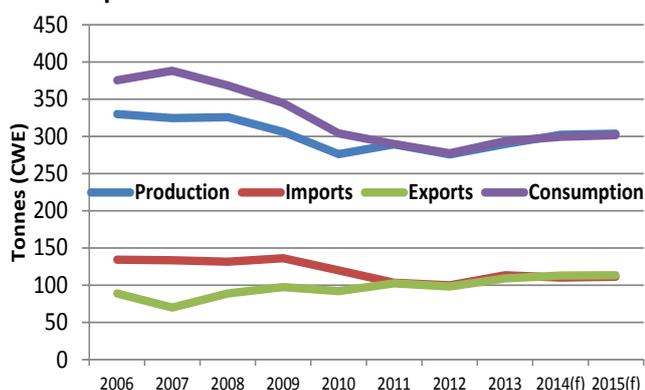


Source: AHDB/EBLEX/LAA/IAAS

Increased UK production still being forecast

Updated AHDB/EBLEX forecasts continue to reinforce the message that, after a period of much better seasonal conditions, UK sheep meat supplies will continue to be higher. This comes as the lamb crop for 2014 is expected to have been considerably larger on the back of a bigger breeding flock and better lambing rates.

UK sheep sector balance chart



Source: AHDB/EBLEX/DEFRA/HMRC

Sheep market at a glance

GB Liveweight prices week ending 30/07/14

	Price p/kg	p/kg change on wk
Lambs SQQ - NSL	167.1	-10.5
	£ per head	£ change on week
Cull ewes	56.6	-3.1
Store lambs - NSL	52.5	-5.7

Deadweight prices week ending 26/07/14

	Price p/kg	p/kg change on wk
GB lambs SQQ - NSL	404.0	+11.2

European prices week ending 27/07/14 (converted from €)

United Kingdom	399.4	+10.2
Republic of Ireland	338.2	+4.3
France	497.7	-3.2
EU-25	415.5	+5.1

Estimated slaughterings (lambs)

	26/07/14	19/07/14
Great Britain	231,800	244,000
Northern Ireland	12,900	9,700
Republic of Ireland	51,600	51,400

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

With imports and exports largely continuing to cancel each other out, the supplies available on the UK market are expected to increase broadly in line with an increase in domestic production.

Already in the new season, slaughterings have been well ahead of year earlier levels, with the May lamb kill up 10% and June slaughterings up 8% on year earlier levels. While part of these increases will be a result of the larger lamb crop, good conditions and feed availability will have meant that the slaughter pattern this year will have been earlier. As such, the expectation is that the lamb crop is about 6% above 2013 levels.

For the year as a whole, the lamb kill has been forecast upwards to 13.06 million head, an increase of 5% on the year. This follows a 1% increase in lamb slaughterings during the first half of the year. These increased slaughterings are expected to be offset to some extent by a 9% drop in the adult sheep kill at 1.88 million head.

With weights for both lambs and adult sheep expected to average heavier during 2014, total UK sheep meat production is forecast to be over 4% higher on the year at 302,000 tonnes. At the halfway point of the year, production has been nearly 3% ahead of 2013 levels.

Further analysis of these forecasts can be found in the July edition of the [Cattle and Sheep Market Update](#).