

Cattle Weekly

11 July 2014, Issue 28

Prime cattle prices level for a second week

In week ended 5 July, the [deadweight cattle trade](#) levelled for the second consecutive week. With supply and demand in such tight equilibrium small movements in either are likely to be the determining factor in pricing in the short term. In the latest week, AHDB/EBLEX estimated slaughterings were around 100 head up on the week, with more young bulls offsetting reduced number of steers and heifers forward. The all prime average price was less than a penny down on the week at 324.5p/kg. R4L steers were back a penny to 338.0p/kg while heifers of the same specification increased a penny to 334.1p/kg. Reports suggest that, while demand for higher valued cuts remains subdued at retail level, the fine weather and World Cup have created some demand for barbecue products such as burgers and steaks.

GB R4L deadweight steer price



Source: AHDB/EBLEX

Gap between farmgate and retail price widens again

With farmgate beef prices falling to a greater extent than retail prices, [the share of the average retail price](#) which producers received fell one percentage point during June, to 46%. The latest figure means that the producer share of the final retail price has fallen eight percentage points since January. With the market operating as we would expect, with a lag between changes in farmgate prices and movements in retail prices, the latter fell on the month for the first time this year.

Agri benchmark data confirms high costs of production in the UK

[Agri benchmark](#) is a global network of agricultural economists using international standardised methods to analyse farms, production systems and profitability. Provisional analysis from their recent data indicates that, while farmgate prices in the UK are much higher

Cattle market at a glance

GB Liveweight prices week ending 09/07/14		
	Price p/kg lw	p/kg change on wk
Steers	172.3	-0.8
Heifers	187.7	-3.0
Young bulls	156.0	-
Cows	172.3	-0.6

GB Deadweight prices week ending 05/07/14			
		Price p/kg dw	p/kg change on wk
Steers :	R4L	338.0	-1.0
	All	326.9	-0.5
Heifers :	R4L	334.1	+0.7
	All	330.4	-0.3
Young bulls :	R3	313.2	+3.9
	All	306.1	+0.5
Cows :	-O4L	245.6	-0.9
	All	232.1	-0.9

GB Estimated slaughterings		
	05/07/14	28/06/14
Steers	14,900	15,400
Heifers	10,400	10,600
Young bulls	6,850	6,000
All prime	32,150	32,000
Cows	8,400	8,000

Source: AHDB/EBLEX/LAA/IAAS

than other parts of the world, we have some of the highest costs of production when compared to other grass and forage based systems. While our closest competitor, Ireland, has a similar average suckler cow herd size, the UK range is much greater. Irish producers tend to specialise, with suckler cow farms selling calves to specialist finishers. Despite having a similar forage based system as the UK, Irish farmers have a lower reliance on compound and purchased feeds, higher stocking rates, and better growth rates that may be attributed to their grass and forage management. The majority of Irish farms are family farms using unpaid labour and around 55% of farmers work off-farm, in mainly non-agricultural jobs, to supplement family income.

The data also shows that the UK has a lower labour productivity than many countries, mainly due to them managing larger numbers of cattle per labour unit. While feedlots obviously achieve high labour productivity, the UK is only average when compared to other countries with pasture and silage based systems, such as Germany, Italy, France, Austria, Sweden, Australia and South America.

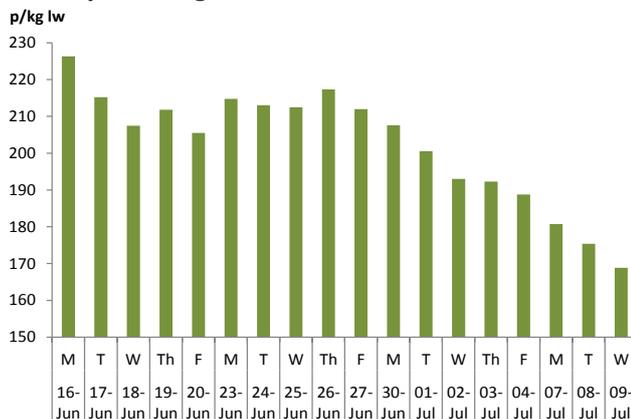
Sheep Weekly

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Lamb trade falls as fine weather continues

Having been easing downwards in recent weeks, the [GB liveweight lamb](#) trade has come back sharply in the past few days. Despite fewer lambs coming forward compared to the week before, in week ended 9 July, the GB NSL SQQ was down 25p at 178.9p/kg. Across the week, prices fell consistently. Having started the week on Thursday 3 July at 192.3p/kg, the daily SQQ for Wednesday 9 July was back 23p on the week at 168.9p/kg. In early July last year, the NSL SQQ at GB auction marts was tracking above 220p/kg and the SQQ has now fallen below the corresponding weeks of 2012 and 2011.

GB Daily Liveweight SQQs



Source: AHDB/EBLEX/LAA/IAAS

Despite fewer lambs being marketed at GB auction marts than the previous week, the trade is still better supplied compared to last year, on the back of better conditions for this year's lamb crop. AHDB/EBLEX estimates suggest that deadweight marketings in week ended 5 July were up significantly on the week. However, at 459.8p/kg, the [GB NSL SQQ](#) held up better than expected and was down just 9p on the week, although it has now fallen by over 60p in three weeks.

With strong supplies and reportedly subdued demand, prices are reacting. With the summer normally a quieter period for lamb consumption anyway, the current spell of fine weather could be eroding demand further, as consumers opt for lighter meals.

In addition, with sterling continuing to strengthen, tougher conditions in export markets could be having an impact, particularly as prices in Ireland have fallen significantly of late.

Sheep market at a glance

GB Liveweight prices week ending 09/07/14		
	Price p/kg	p/kg change on wk
Lambs SQQ - NSL	178.9	-25.4
	£ per head	£ change on week
Cull ewes	65.0	-2.8

Deadweight prices week ending 05/07/14		
	Price p/kg	p/kg change on wk
GB lambs SQQ - NSL	459.8	-9.3
European prices week ending 06/07/14 (converted from €)		
United Kingdom	452.1	-11.6
Republic of Ireland	354.0	-41.2
France	500.3	-2.0
EU-25	446.6	-11.1

Estimated slaughterings (lambs)		
	05/07/14	28/06/14
Great Britain	287,500	268,300
Northern Ireland	14,400	12,400
Republic of Ireland	56,600	54,250

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

Agri benchmark identifies strengths in the UK sheep sector

Recent data from [Agri benchmark](#) indicates that one of the UK's key strengths is that lowland flocks produce some of the highest total kilos of lamb per ewe per year. While the UK is comparable with Ireland and France in this area, our upland flocks perform on a par with Australia, New Zealand and South Africa and are ahead of many other EU countries, such as Spain. Along with Ireland and France, we wean more lambs per 100 ewes than Australia, New Zealand and China.

As with the beef sector, the data demonstrates that our challenge is with the cost of production, in particular in a global context. With sheep often kept on more marginal land and advantages in labour efficiency due to economies of scale, New Zealand and Australia have lower costs of production. While exchange rates can have a significant effect on the UK's competitive position within the EU, we do tend to have lower costs than many other EU countries, with the exception of Ireland, a significant factor that drives our export trade to France.

You can find more details on the provisional result from the latest Agri benchmark conference on the [EBLEX website](#).