

Cattle Weekly

25 October 2013, Issue 43

Lid stays on cattle prices

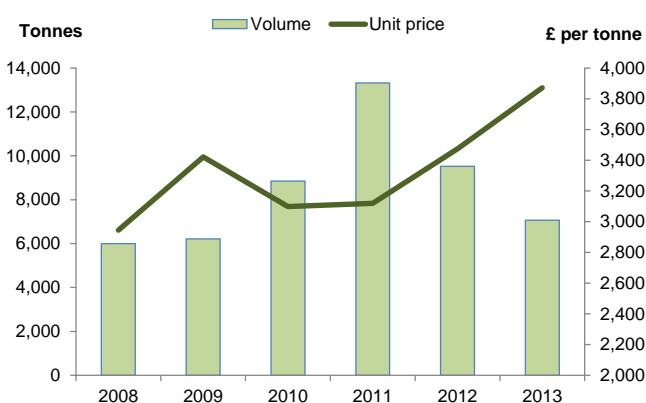
In week ended 19 October, at 391.4p/kg, the [GB all prime cattle indicator](#) was back 2p on the week. This fall comes in response to cattle supplies reportedly being slightly ahead of demand, which has been somewhat subdued following the relatively mild weather lately. AHDB/EBLEX slaughter estimates for the week were broadly stand on. Reports also suggest that processors are balancing their supplies tightly and have a reluctance to draw additional cattle forward in the short term, which has helped keep a lid on prices. However, with the seasonal uplift in demand expected soon and with supply and demand still finely balanced, it is likely that upwards pressure on price will re-assert itself.

The cull cow trade continued the recent market trend and eased again. The GB -04L cow price was back a penny on the week to average 253.6p/kg in week ended 19 October. While demand for manufacturing beef appears to be seasonally subdued, this latest fall is potentially more of a quality issue as producers look to market their plainer cows ahead of winter. Additionally, better quality animals are likely to be kept for further feeding, as increased feed availability and lower prices afford producers this opportunity. These animals may instead come forward in the New Year.

Robust domestic demand impacts on trade

The latest HMRC trade data for August has been published and is available on the [EBLEX website](#). With tight cow beef supplies and firm demand for manufacturing beef on the domestic market, beef and veal exports in August were back 26% on the year. Shipments to Ireland were down significantly, while overall volumes to the Netherlands were also significantly lower on the year, despite more frozen product being shipped. The value of this trade was only 17% down on the year at £27.4 million, as higher unit values offset the lower volumes to some degree.

Volume Vs Value of UK beef exports in August, 2008 to 2013



Source: HMRC/GTIS

Cattle market at a glance

GB Liveweight prices week ending 23/10/13		
	Price p/kg lw	p/kg change on wk
Steers	197.9	-1.5
Heifers	205.7	-1.3
Young bulls	180.8	-2.9
Cows	106.0	-2.3

GB Deadweight prices week ending 19/10/13			
		Price p/kg dw	p/kg change on wk
Steers :	R4L	401.6	-1.9
	All	394.9	-1.9
Heifers :	R4L	398.3	-0.2
	All	393.1	-1.5
Young bulls :	R3	376.1	-1.8
	All	364.5	-4.3
Cows :	-04L	253.6	-1.3
	All	227.2	-4.7

GB Estimated slaughterings		
	19/10/13	12/10/13
Steers	15,500	15,900
Heifers	12,800	12,000
Young bulls	3,900	4,100
All prime	32,200	32,100
Cows	10,100	10,400

Source: AHDB/EBLEX/LAA/IAAS

Beef and veal imports during August were also lower than year earlier levels. Somewhat surprisingly, given higher production and market reports suggesting increased volumes, shipments from Ireland were reportedly 6% lower year on year. Volumes from the Netherlands were back almost 30% as demand for manufacturing beef in the UK was fulfilled to a large extent by domestic supplies.

These lower volumes were somewhat offset by increased volumes from a number of other sources. Notably, Namibia became the third largest supplier of beef to the UK imports market, with volumes doubling on the year. Botswana is once again also sending beef to the UK and was the fourth largest supplier during August.

Cattle numbers up in Ireland

Overall [cattle numbers in Ireland](#) were up over 2% on the year, according to the June census recently published by the Irish Central Statistics Office. Most of this increase resulted from a large rise in the number of male cattle. As expected, this has resulted in more beef coming onto the market in 2013 to date. At just over one million head, prime cattle slaughterings up to August, were up almost 9% on the year.

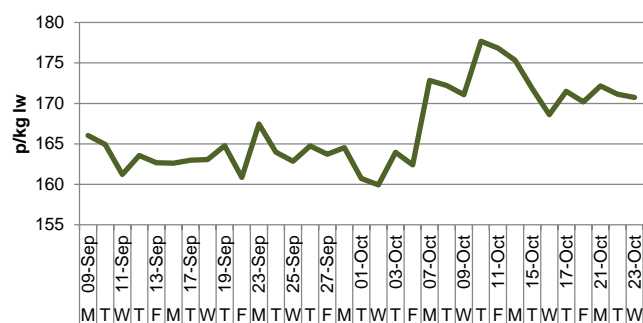
Sheep Weekly

25 October 2013, Issue 43

Lamb trade levels as numbers tighten

The [lamb trade](#) remains broadly level as numbers have tightened to meet the slower demand post -Eid-Al-Adha. In week ended 23 October the GB SQQ was down nearly 3p on the week, as the number of lambs forward fell by 18 per cent.

GB SQQ lamb prices Sept/Oct 2013



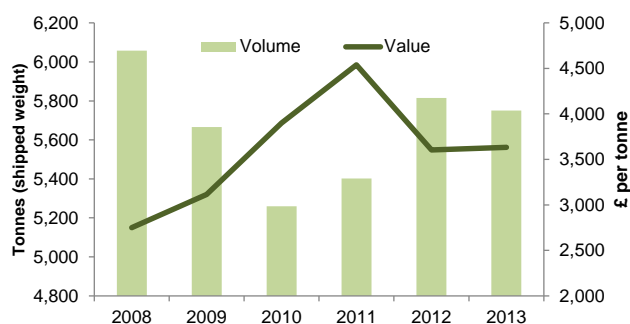
Source: AHDB/EBLEX/LAA/IAAS

The market now requires another demand driver for prices to increase. This is likely to be the normal seasonal rise in consumer demand. This comes as consumers look for heavier, more filling meals as the weather turns colder, so as this happens it is hoped demand will pick up. The other key demand driver on the horizon is Christmas, which normally heralds the second peak in demand (and farmgate prices) of the year, following Easter.

Imports start to show year on year decline

[UK imports of fresh and frozen sheep meat](#) during August totalled 5,750 tonnes, a decline of 1% year on year. This was largely the result of shipments from New Zealand falling by 1%. This conforms to the expected pattern, where tightening supplies from New Zealand are set to result in UK imports being lower in the coming season. The average value of these imports was also slightly higher on the year, up 1% at £3,600 per tonne.

UK sheep meat imports volume and value



Source: GTIS/HMRC

Sheep market at a glance

GB Liveweight prices week ending 23/10/13		
	Price p/kg	p/kg change on wk
Lambs SQQ - NSL	171.4	-2.5
	£ per head	£ change on week
Cull ewes	44.2	-1.6
Store lambs - NSL	53.5	-1.0

Deadweight prices week ending 19/10/13		
	Price p/kg	p/kg change on wk
GB lambs SQQ - NSL	395.5	+8.8
European prices week ending 19/10/13 (converted from €)		
United Kingdom	391.3	+8.3
Republic of Ireland	341.2	+0.1
France	525.9	-21.0
EU-25	417.9	-2.5

Estimated slaughterings (lambs)		
	19/10/13	12/10/13
Great Britain	266,300	298,500
Northern Ireland	11,800	11,700
Republic of Ireland	na	62,200

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

While these volumes were lower year on year they were higher than the level recorded in August 2011.

The small fall in UK imports, year on year, for August broadly relates to the 4% fall recorded in New Zealand sheep meat exports (to the UK) for July. Looking at the August figures, exports to the UK from New Zealand were 25% lower on the year while unit values were 6% higher in sterling terms.

This supports the view that supplies in New Zealand will be tighter as the season progresses and unit values will be higher, on the back of increased procurement costs. As such, the expectation is that UK imports will track below year earlier levels for the most part and the average price of imports will increase. This is likely to help support domestic prices and mean that the weak market conditions that the industry experienced in late 2012 and early 2013 should not be repeated.

Irish sheep flock contracts

The [Irish sheep flock](#) now appears to be in decline, following some growth in recent years. Overall, the breeding component of the flock fell 1% to 2.65 million head, with ewes under two years of age falling by nearly 3%. The number of other sheep (mainly lambs) fell by 3%, indicating that supplies will likely be tighter for the remainder of the season.