

“ This month’s Market Bulletin takes a look at the lamb sector and the number of factors influencing the market at the moment.

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The lamb sector has been under pressure in 2022 due to rising farm input costs, global trade being impacted on by the war in Ukraine, and inflationary pressures on red meat consumers. Lamb liveweight prices in Wales largely trended below year-earlier levels during the first few months of the year, before reaching a high of 341.2p/kg in

June. During the months that followed, prices remained above year-earlier levels whilst following seasonal trends. The average liveweight price in Wales has however been fluctuating more recently, and is now below year-earlier levels. Despite this, liveweight prices have remained above the longer term 5-year average for the entirety of 2022.

## SUPPLY

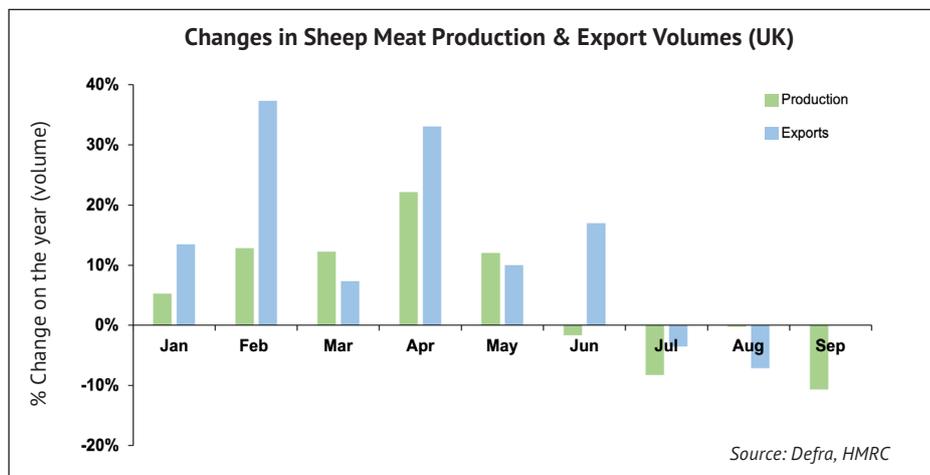
Throughput of lambs and cull sheep during September at UK abattoirs was notably down on both the month previous and year-earlier levels (source: Defra). The 10-day mourning period for Queen Elizabeth II would likely have influenced the usual kill patterns, and contributed to the 9% fall in total sheep throughput on the year. Prime lamb numbers for September stood

at 961,700 head – down 6% on August, and a further 9% fall on the corresponding period last year. Although lamb kill numbers for the 9-month period are 3% higher than 2021, numbers are in fact some 8% behind the longer-term average for the corresponding period. Therefore, supply is tight when compared to the 5-year average.

Throughput of adult sheep is around 5% higher than 2021, but significantly lower than the 5-year average (by around 25%). As farm input costs continue to rise, we may experience an increase in ewe kill numbers as producers increase their culling rates ahead of winter. Looking at the year to date, production of sheep meat totalled 199,300 tonnes – an increase of 4% on the year, but 7% lower than the same period in 2020.

## TRADE

Trade data from HMRC is currently only available up until August. Fresh/frozen sheep meat exported during August totalled 5,800 tonnes – a 7% decline on the year – due to reduced shipments to the EU. As exports are closely linked to production, static production volumes during August likely influenced the dip in exports. Volumes of sheep meat exported during the 8-month period are up 14% on the year as there has been greater volume of product available for export (production for the period is up 6%). Although the volume exported during 2022 so far is notably less than historical averages, Sterling remains relatively weak against the Euro - despite some recovery - and therefore should continue to provide support to trade. Volumes imported so far in 2022 are up 23% on the year, however volumes imported in August experienced an 8% fall due to reduced imports from both New Zealand and Australia. Imports usually experience a seasonal drop at this time of year as UK production peaks, and so we can expect to see imports tailing off towards the end of 2022.



## DEMAND

As the cost-of-living crisis is pushed more to the forefront of consumers’ minds, shoppers have been looking for ways to manage their budgets, and demand for lamb on the domestic market has been weaker as a result. Data released by Kantar reveals that consumer spending on lamb at retail in GB during the 12-week period

to the 2<sup>nd</sup> of October experienced an 18% decrease on year-earlier levels. The decline in total spend was largely driven by fewer shoppers and a heavy volume decline, whilst the average price of lamb rose by 11% on the year to £11.91/kg. When compared to previous years, sales of lamb at retail are lower than the previous 3 years.

Demand for lamb on the global market does remain strong, and is therefore providing some support to the UK lamb sector – particularly export trade. The continued inflation means that the cost of feeding and finishing stock on farm remains high, and so the price difference between store and finished lambs has widened. Looking ahead; inflationary pressures will continue to have a direct impact on the

supply of lamb onto the market, along with demand from consumers. Some producers may continue to offload animals in an attempt to save on expenditure, and lighter carcasses may come forward due to limited grass growth during the summer months and current high feed costs. These factors would achieve increased throughput in the short term, but lead to a smaller flock in the longer term.

# Monthly Market Round-Up

## CATTLE

### Prices – week ending 22<sup>nd</sup> October

The prime cattle average price at auction markets in England and Wales stood at **246.7p/kg**. This was:

- + 0.4p on the previous week,
- + 9.6p compared with year-earlier levels,
- 48.2p higher than the 5-year average (2017-21 average: 198.4p/kg).

The average deadweight prices in England and Wales for steers stood at **439.7p/kg**. This was:

- + 2.6p on the previous week,
- 31.3p above year-earlier levels.

The deadweight prices for heifers stood at 435.5p/kg (+1.2p on the week), young bulls at 422.7p/kg (-3.4p), and cull cows at 335.9p/kg (-1.8p).

### Throughput – September 2022

- Total cattle throughput at UK abattoirs = 228,200 head – up 3% on the year
- Total prime cattle throughput = 160,600 head – up 1% on the year.
  - steers -1%, heifers +3%, and young bulls +8%.
- Average prime cattle carcase weights = 341.0kg (-4.3kg on the year).
- Adult cattle throughput = 59,700 head – up 6% on the year.

## SHEEP

### Prices – week ending 22<sup>nd</sup> October

The prime lamb average liveweight SQQ at auction markets in Wales stood at **217.3p/kg**. This was:

- - 3.2p on the previous week,
- - 11.6p compared with year-earlier levels,
- 37.5p higher than the 5-year average (2017-21 average: 179.8p/kg).

Cull ewe prices at auction markets in Wales averaged **£52.40/head**. This was:

- - 30.0p on the previous week,
- £5.00 below year-earlier levels.

GB deadweight lamb prices averaged 523.3p/kg (-0.8p on the week).

### Throughput – September 2022

- Total sheep throughput at UK abattoirs = 1.1 million head – down 9% on the year.
- Lamb throughput = 961,700 head – down 9% on the year.
- Average lamb carcase weights = 19.7kg (-0.1kg on the year).
- Cull ewe and ram throughput = 102,000 head – down 8% on the year.

## PIGS

### Prices – week ending 15<sup>th</sup> October

The EU-spec All Pig Price (APP) in GB stood at **203.7p/kg**. This was:

- - 0.3p on the previous week,
- + 50.2p compared with year-earlier levels,
- 47.1p higher than the 5-year average (2017-21 average: 156.6p/kg).

### Throughput – September 2022

- Total pig throughput at UK abattoirs = 938,500 head – down 0.3% on the year.
- Clean pig throughput = 918,100 head – similar on the year.
- Average clean pig carcase weights = 88.7kg (+0.2kg on the year)
- Sow and boar throughput = 20,400 head – down 21% on the year.

