HCC Market Bulletin

March 2024

> **As lamb producers experience notably strong farmgate prices, this Market Bulletin takes a look at some of the factors behind this and what lays ahead for the sector.**
>
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The deadweight SQQ average for lambs across GB has been **strengthening** at rapid rates during recent weeks. For the week ending 16th March, the average stood at almost £7.90/kg – which is notably higher than historical averages by some 50%. As a result of **9 consecutive weeks of price increases**, the current average has risen by £1.74 since the first week of 2024, and has now exceeded the highest price recorded last year of around £7.43/kg in May.

LAMB SUPPLY

Despite these strong prices, both the UK and Welsh sheep **breeding flocks are in decline**, with the Welsh *Sustainable Farming Scheme* proposal set to put further pressure on numbers. Due to a smaller 2023-24 lamb crop, the supply of lambs coming on to the market at the moment is tight when compared to year-earlier levels and current demand levels. This is providing significant support to the farmgate prices. Due to the nature of the lambing season, a lamb crop 'year' is recorded from May through to the following April, and not by calendar year. Throughput data from Defra for the May23-Feb24 period indicates that a total of **10.2million lambs** have been processed in the UK so far this year, which is similar to year-earlier levels, despite the June survey revealing the lamb crop was 6% smaller than year-earlier levels. This does indicate that there are a **limited number of lambs remaining** on the ground.

KEY DATES IN THE CALENDAR

Just 6% of the UK population eat lamb on a weekly basis, compared with more than 60% of halal consumers. Whilst the consumption of lamb on our domestic market remains under pressure, the Muslim population in the UK is expanding at a rapid rate, and therefore the Halal market is of growing importance to the UK sheep sector. The 10th of March saw the start of **Ramadan** – an Islamic festival which drives demand for proteins such as chicken and lamb each year. Peak consumption of lamb is usually seen during religious festivals, and with both **Easter** and the end of Ramadan (known as **Eid al-Fitr**) approaching, it is likely that supply ahead of these key dates in the calendar will be tight.

Looking further at key festival dates in 2024; the festival of **Qurbani** is set to occur during mid-June (demand for ram lambs, preferred entire and over 6months of age here). As Qurbani is 'the festival of feast', demand for lamb is set to peak around this time.

Ramadan	Starts 10th March 2024
Easter	31st March 2024
Eid al-Fitr (*end of Ramadan*)	9th – 10th April 2024
Eid al-Adha	around 16th June 2024

THE GLOBAL MARKET

Trade patterns have also provided some encouragement to the domestic market. HCC estimates of HMRC data reveal that **sheep meat exports from Wales were strong** in 2023 – up 10% in value terms to total £190.9 million. This suggests that, despite minimal economic growth across World markets due to inflation levels, there continues to be demand for lamb in our export countries. The trading environment for 2024 will remain a **competitive market place** however, particularly as the EU sheep flock is projected to decline further. Increased export volume from Australia is forecast as the sheep flock is currently at its **highest-level** since 2007, however China (*a major import market for sheep meat, and accounting for 38% of world sheep meat trade*) will likely experience lower import demand due to increased production. This may result in increased levels of Australian exports onto the world market. New Zealand is forecast to record increased sheep meat production in 2024, but will have to battle the **competitive farmgate prices of Australia** in the export markets.

> ***What does this mean for industry?***
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> *With current supply of lambs on the ground limited, and some key religious festivals on the horizon; how high can farmgate prices go?*

RHWNG Y LLINELLAU BETWEEN THE LINES

NEW BETWEEN THE LINES REPORT To read more about the current lamb market, read the full report, *'Lamb Supply – Update and Outlook'* on the HCC website here: https://meatpromotion.wales/en/news-industry-info/market-analysis

CATTLE

Prices – week ending 16th February

The average deadweight prices in England and Wales for steers stood at **493.2p/kg**. This was:

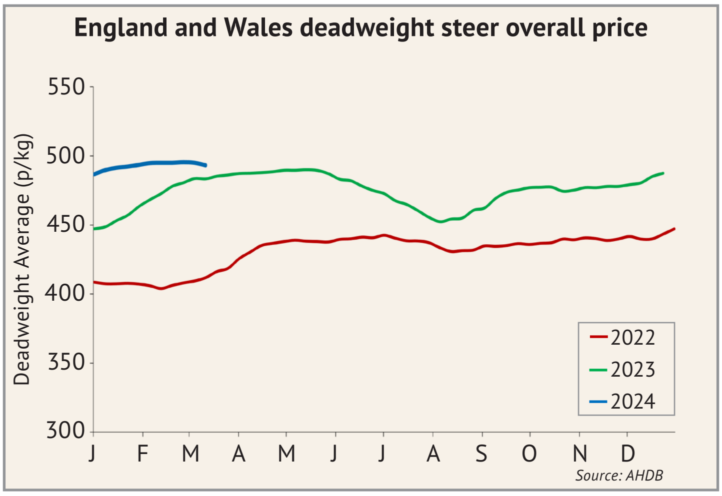
- - 1.7p on the previous week,
- 9.9p above year-earlier levels.

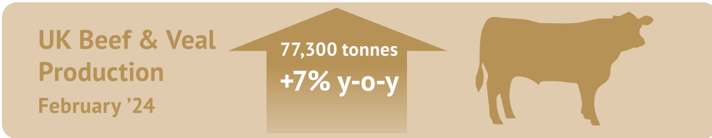
The deadweight prices for other cattle categories were as follows -

- Heifers: 490.5p/kg (-0.7p on the week),
- Young bulls: 470.6p/kg (-0.7p on the week), and
- Cull cows: 346.7p/kg (+1.2p on the week).

Throughput – February 2024

- Total cattle throughput at UK abattoirs = 222,900 head – up 5% on the year.
- Total prime cattle throughput = 173,200 head – up 7% on the year.
  - ➢ *steers +4%, heifers +10%, and young bulls +2%.*
- Average prime cattle carcase weights = 345.0kg (+1.4kg on the year).
- Adult cattle throughput = 53,200 head – up 4% on the year.





SHEEP

Prices – week ending 16th March

The deadweight lamb price in GB averaged 789.8p/kg. This was:

- + 46.1p on the previous week

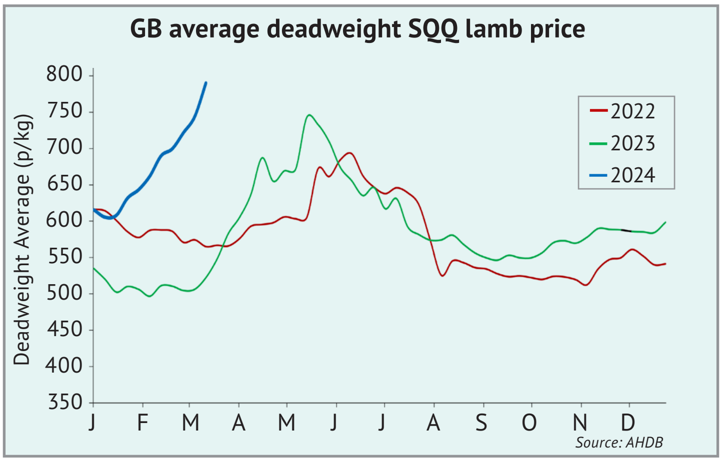
Numbers coming forward reached 37,450 head. This was:

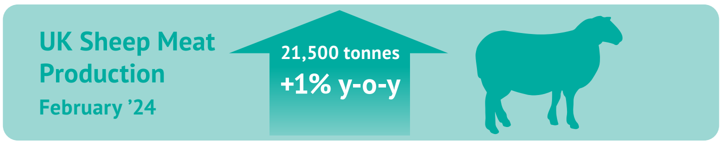
- + 6% on the previous week, and
- - 13% compared with year-earlier levels

Note: *Due to change in methodology of GB deadweight survey (from 25/11/2023) we recommend caution when making historical comparisons.*

Throughput – February 2024

- Total sheep throughput at UK abattoirs = 1.0 million head – up 0.3% on the year.
- Lamb throughput = 909,400 head – up 2% on the year.
- Average lamb carcase weights = 20.2kg (+0.2kg on the year).
- Cull ewe and ram throughput = 120,100 head – down 9% on the year.





PIGS

Prices – week ending 9th March

The EU-spec All Pig Price (APP) in GB stood at **211.6p/kg**. This was:

- + 1.2p on the previous week,
- + 2.6p compared with year-earlier levels,
- 49.4p higher than the 5-year average (2018-22 average: 162.2p/kg).

Throughput – February 2024

- Total pig throughput at UK abattoirs = 783,900 head – down 1% on the year.
- Clean pig throughput = 765,600 head – down 1% on the year.
- Average clean pig carcase weights = 90.6kg (+1.9kg on the year)
- Sow and boar throughput = 18,300 head – up 17% on the year.