HCC Market Bulletin

January 2024

“This month’s Market Bulletin takes a look at newly released Kantar data which suggests inflationary pressures led consumers away from the traditional fresh turkey, which meant red meat experienced a good Christmas in 2023.”

Glesni Phillips – Intelligence, Analysis and Business Insight Executive

*Total take-home grocery sales at GB retail hit a record level of £13.8billion during the 4-weeks to 24th December – which is a notable 7% increase on the year, according to consumer insight specialists, Kantar. This came as a result of increased number of trips which drove volume growth, combined with **grocery inflation** standing at 6.7%, which would have driven much of the market growth. Frozen categories performed well, and this was seen in the Meat, Fish, and Poultry category too. This Christmas, inflationary pressures were evident as many consumers looked to switch from their traditional fresh turkey to frozen turkey as this was seen as a more cost-effective option. Here, we take a deeper look into how both beef and lamb performed this Christmas;*

BEEF

Looking at the performance of beef at retail in GB during the 12 weeks to the week ending 24th December 2023; **total spend was up almost 6%** on year-earlier levels at £636 million. This increase in spend was mostly driven by a 7% increase in the average price to £9.57/kg, as total volume sold was down some 1.5% on the year. Covid and lockdown resulted in increased volumes of red meat going through retail, however we are now seeing levels return to more ‘normal’ patterns. Volume sold during the 12-week period was lower than year-earlier levels, and the two years prior, however it must be remembered that were comparing against very strong years, and volumes in 2023 were indeed up some 10% on pre-covid levels (the corresponding 12-week period in 2019).

Volume sales of mince are down 1.5% on the year for period – likely due to a 16% increase in average price – however mince sales continue to account for over 50% of total volume of beef sold. Volume sales of steaks were similar to year-earlier levels, however roasting joints experienced a notable increase of 8% on the year in volume terms. This was influenced by a reduction in the overall price for roasting joints (down 0.8% on the year to an average of £9.91/kg), likely through promotions at retail, which led to a 6% increase in the number of buyers in the category.

LAMB

The performance of lamb at GB retail during the run up to Christmas was positive when compared to year-earlier levels. During the 12weeks to 24th December 2023, the volume of lamb sold totalled 16,100 tonnes – a notable 15% increase on year-earlier levels. The average price at retail did experience a small 2% decline – to an average of £11.30/kg – which may have encouraged more consumers to buy into the category this year. As a result, **total spend increased by 13%** on the year to stand at £182 million. As with beef performance at retail; lamb also increased volumes through retail during Covid, however current trends remain ahead of pre-pandemic levels (volume up 3% on the same period in 2019).

Despite a small decline in the average price, lamb does remain to be seen as a premium product by consumers. Data from Kantar suggests that many consumers moved away from fresh turkey this year, with lamb roast products winning some of these consumers, resulting in an additional £978K spend here. The volume of lamb leg roasting joints sold during the 12-week period rose by over 30% on year-earlier levels, whilst the number of buyers increased by 24% due to this change in consumer spending. As a result, the volume of lamb leg roasting joints sold in 2023 is up some 14% on year-earlier levels, and account for 43% of the volume of lamb sold at retail.

What does this mean for industry?

Overall, both beef and lamb performed well at retail during the festive season, which would have provided support to farmgate prices at the time. Looking ahead; much depends on whether lower inflation will lead to consumers reverting back to ‘normal behavior’. Events such as Easter will boost demand for lamb in particular - especially as supply on the domestic market will be tight compared to historical levels.

CATTLE

Prices – week ending 20th January

The average deadweight prices in England and Wales for steers stood at **491.3p/kg**. This was:

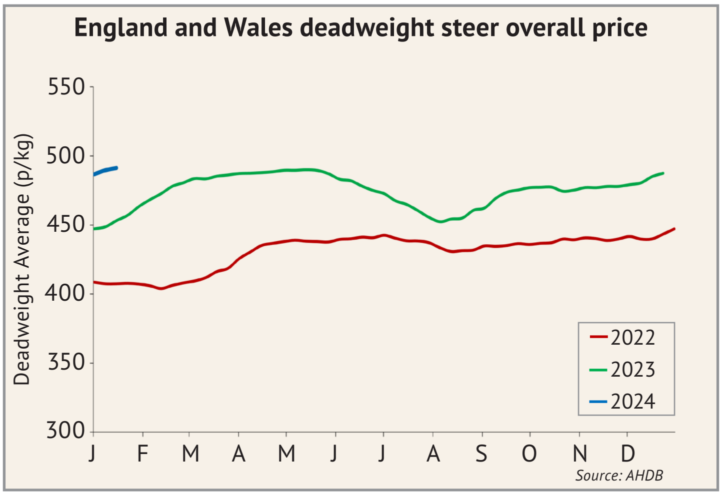
- + 1.7p on the previous week,
- 38.3p above year-earlier levels.

The deadweight prices for other cattle categories were as follows -

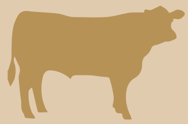
- Heifers: 487.9p/kg (+2.5p on the week),
- Young bulls: 466.6p/kg (-4.4p on the week), and
- Cull cows: 335.8p/kg (+8.2p on the week).

Throughput – December 2023

- Total cattle throughput at UK abattoirs = 207,000 head – down 15% on the year.
- Total prime cattle throughput = 150,800 head – down 14% on the year.
  - ➢ *steers -14%, heifers -12%, and young bulls -18%.*
- Average prime cattle carcase weights = 340.4kg (-0.5kg on the year).
- Adult cattle throughput = 50,800 head – down 17% on the year.



UK Beef & Veal Production
December '23
67,200 tonnes
-15% y-o-y



SHEEP

Prices – week ending 20th January

The deadweight lamb price in GB averaged 608.2p/kg. This was:

- + 2.7p on the previous week

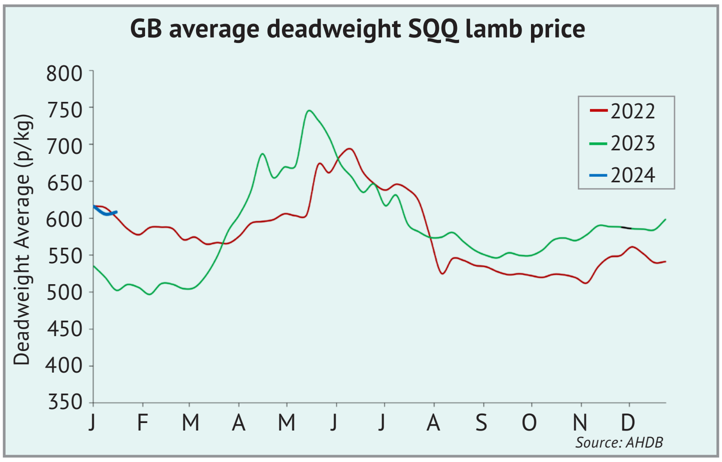
Numbers coming forward reached 37,840 head. This was:

- - 8% on the previous week, and
- - 1% compared with year-earlier levels.

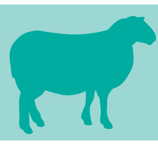
Note: *Due to change in methodology of GB deadweight survey (from 25/11/2023) we recommend caution when making historical comparisons.*

Throughput – December 2023

- Total sheep throughput at UK abattoirs = 1.3 million head – down 9% on the year.
- Lamb throughput = 1.1 million head – down 8% on the year.
- Average lamb carcase weights = 19.4kg (-0.1kg on the year).
- Cull ewe and ram throughput = 129,500 head – down 16% on the year.



UK Sheep Meat Production
December '23
25,600 tonnes
-8% y-o-y



PIGS

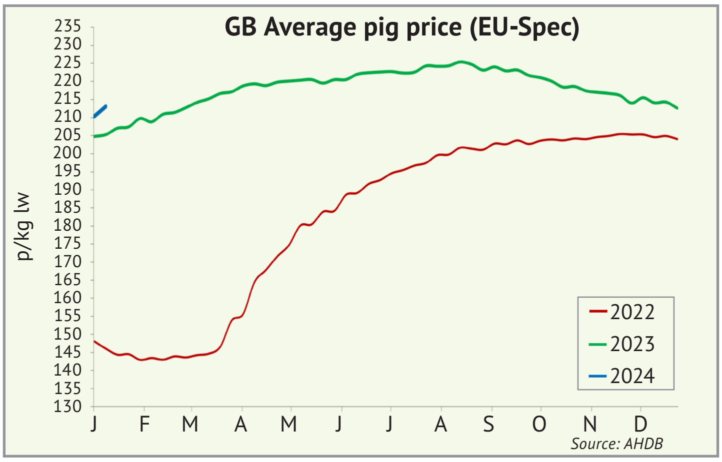
Prices – week ending 13th January

The EU-spec All Pig Price (APP) in GB stood at **213.1p/kg**. This was:

- + 2.7p on the previous week,
- + 7.8p compared with year-earlier levels,
- 51.2p higher than the 5-year average (2018-22 average: 161.9p/kg).

Throughput – December 2023

- Total pig throughput at UK abattoirs = 798,900 head – down 18% on the year.
- Clean pig throughput = 781,800 head – down 18% on the year.
- Average clean pig carcase weights = 88.9kg (+1.6kg on the year)
- Sow and boar throughput = 17,100 head – up 1% on the year.



UK Pork Production
December '23
71,900 tonnes
-17% y-o-y