



Sector Headlines

Cattle price hold steady

- After several weeks of sharp rises, GB deadweight cattle prices were largely steady this week. In the week ending 27 June, the all-prime average stood at £3.61/kg.
- Although industry reports indicate demand has been strong, they also suggest the supply of finished cattle for kill in the coming weeks is plentiful.
- The estimated GB cattle kill remains significantly above year earlier levels, at 34,300 head in the week ending 27 June.
- Cull cow prices have remained strong this week. The overall cow prices increased just over a penny, to £2.61/kg. Estimated cow kill for the week totalled 10,800 head, down 1,000 head week-on-week but above year earlier levels.

Spring lamb prices show small gains

- In the week ending 1 July, the GB NSL SQQ liveweight price rose by just over 2p to average 228.7p/kg. This is the highest price for the time of year in the last five years. This comes despite spring lamb throughputs breaking the 100,000 head mark this week.
- Total NSL throughputs rose 26,100 head (+30%) on the week to 113,400 head, which was 29,500 head (+35%) higher than the same week last year.
- On the deadweight front, the GB NSL SQQ rose 2.5p to average 471.1p/kg in the week ending 27 June. Estimated throughput at British abattoirs fell to 216,300 head for the week. This is 6,700 head below the same week last year.

Global Releases

The FAO Food Price Index rebounds in June

- The [FAO Food Price Index](#) (FFPI) averaged 93.2 points in June 2020, some 2.2 points (2.4%) higher than in May, representing the first month-on-month increase since the beginning of the year.
- Amid market uncertainties posed by COVID-19, the prices of vegetable oils, sugar and dairy products rebounded following sharp declines registered in May, while cereals and meat prices remained under downward pressure.

Record global cereal production forecast boosts stock-to-use ratio to a twenty-year high

- The FAO's forecast for [world cereal production in 2020/21](#) has been revised upward by 9.3 million tonnes and now stands at almost 2,790 million tonnes, with the global output set to surpass the record-high reached in 2019/20 by as much 3.0% (81.3 million tonnes).
- Global wheat production is forecast to be 761.5 million tonnes, up 3.2 million tonnes from the previous month and now at par with last year's outturn. The bulk of the monthly increase reflects an upward revision to Australia's wheat production forecast (+5.5 million tonnes).
- By a lesser extent, the forecast of world maize production has also been lifted since the previous month, reflecting modest increases in the EU, where recent rains following several weeks of dry weather benefited crops.
- FAO's forecast of world cereal stocks by the close of the 2020/21 season has been raised by 2 million tonnes from the previous month to 929 million tonnes, representing a year-on-year increase of 52.3 million tonnes (6.0%). At this level, the global cereal stock-to-use ratio in 2020/21 would reach a twenty-year high of 33.0%, highlighting the comfortable supply prospects in the new season.



Wider Economy

UK manufacturing steadies in June after historic slide: PMI

- The historic collapse in British manufacturing caused by the coronavirus lockdown abated in June as companies reported a small increase in output, a survey showed this week.
- The IHS Markit/CIPS UK manufacturing Purchasing Managers' Index (PMI) rose to 50.1 from 40.7 in May, creeping back above the 50 line that signifies growth for the first time since February. "Output edged higher and domestic demand firmed as lockdown restrictions loosened, factories restarted and staff returned to work," said Rob Dobson, director at IHS Markit, which compiles the survey.
- "The planned loosening in COVID-19 restrictions on July 4 should aid further gains in coming months."

UK shop prices fall again in June, but less than in May – BRC

- Prices in shops in the UK fell again in June as retailers tried to entice shoppers out of their coronavirus caution but the size of the drop was smaller than in May, an industry survey showed this week.
- Shop prices fell by 1.6% in annual terms, following a 2.4% drop in May which was the biggest decline since at least 2006, according to the British Retail Consortium trade body and market research firm Nielsen.
- Food inflation held steady at 1.5% but non-food prices dropped by 3.4%.
- "Consumers have benefited as shop prices have fallen for the 13th consecutive month. However, the situation for many retailers, such as those in clothing and footwear, remains very challenging," Helen Dickinson, the BRC's chief executive, said.

UK house prices 'in first annual fall for eight years'

- UK house prices were 0.1% lower in June than the same month a year ago - the first annual fall since December 2012, according to the Nationwide.
- The building society also said property values had dropped by 1.4% compared with May as the coronavirus lockdown hit the housing market. Sales plummeted and viewings halted when the sector was effectively frozen.
- The Nationwide said the magnitude of the shock to the economy made a house price fall unsurprising. It said the outlook for the housing market was "highly uncertain" in the coming months. "With lockdown measures due to be eased in the weeks ahead, housing market activity is likely to edge higher in the near term, albeit remaining below pre-pandemic levels.
- Nevertheless, the medium-term outlook for the housing market remains highly uncertain," said Robert Gardner, Nationwide's chief economist. He said that government measures to support the economy and jobs would dilute the potential impact of the pandemic on the housing market.

Coronavirus: UK economy hit by worst contraction in 41 years

- The UK economy shrank more than first thought between January and March, contracting 2.2% in the joint largest fall since 1979, official figures show.
- The Office for National Statistics (ONS) revised down its previous estimate of a 2% contraction, with all the main economic sectors dropping.
- There was a significant economic impact in March, as the coronavirus pandemic began to have an effect. The data comes as the prime minister set out a post-lockdown recovery plan.