



Sector Headlines

New season lamb prices fall back

- Prices for both live and deadweight new season lambs eased in the latest week, although market reports suggest demand is still good with the Muslim festival of Eid-al-Adha around the corner.
- In the week ending 22 July, the GB liveweight NSL SQQ averaged 217.1p/kg, down 6.9p on the week. The measure is now 40p above the price during the same week last year. Total NSL auction mart throughputs came to 141,300 head, up 20,100 head on the week.
- In the week ending 18 July, the GB deadweight NSL SQQ averaged 479.9p/kg, down 3.3p on the week. Estimated throughput at British abattoirs for the week totalled 205,700 head, down 20,300 head from the previous week.

Prime cattle prices slip slightly

- During the week ending 18 July, the GB all prime average slipped a penny, to £3.60/kg.
- Despite falling in the most recent week, the measure remains 34p up on the year and 11p higher than the five-year average.
- The declines were almost universal across the different categories. Estimated prime cattle kill for the week was at a similar level to last week, at 33,600 head, which is more than 3,000 head higher than in the same week last year.
- Meanwhile, cow prices have continued to gain some strength. The GB overall cow price gained another penny to £2.61/kg and now stands at one of the highest levels for cow prices in recent years.

Northern hemisphere peak curbed as farmers cut production

- Lockdowns across Europe and North America occurred just as dairy farmers in the northern hemisphere were approaching their peak production season.
- With the loss in demand from foodservice markets, markets were severely disrupted with knock-on effects on milk deliveries.
- The largest annual drop in deliveries occurred in France, where average daily deliveries were down by 2% on previous year levels. In the US and the UK, requests for farmers to reduce production by processors, along with lower pricing, led to drops of 1.1% and 0.8% in deliveries for May, respectively.
- Dry weather in the UK during May could also have contributed to the lower production levels.

Global Releases

USDA forecasts global beef production down but exports steady in 2020

- According to the latest USDA forecasts, global beef production is revised down by 1% to 60.8 million tonnes due to lower than expected slaughter in Brazil, China and North America. Reduced demand and low cattle prices in Brazil are causing producers to delay slaughter whereas North America suffered temporary processing disruptions due to COVID-19.
- Globally, beef exports are expected to stay in line with previous forecasts at 10.7 million tonnes in 2020. This reflects lower anticipated exports from the US and Canada being balanced by higher exports coming from Argentina, Brazil, Mexico and the European Union.



Wider Economy

Retail sales near pre-lockdown levels in June

- UK retail sales were near pre-lockdown levels in June, as the reopening of shops released pent-up demand. The amount of goods sold last month increased by 13.9% from May, said the Office for National Statistics (ONS). But the rise masked "big changes" in retail, with food and online sales up, while clothing was still "struggling". Online sales continued to go "from strength to strength", the ONS said, accounting for £3 out of every £10 spent by consumers.
- The ONS said the rebound had brought overall retail sales back to a similar level to where they were pre-lockdown, but it added that there was a "mixed picture" in different store types.

UK quarterly borrowing hits record high

- [The UK government borrowed](#) a record £127.9bn between April and June as tackling the coronavirus pandemic took its toll on the public finances.
- The figure - the difference between spending and tax income - was more than double the £55.4bn borrowed in the whole of the previous tax year. However, borrowing in June was lower than in May at £35.5bn. The re-opening of more retailers and other firms saw a drop in furlough scheme spending and a rise in tax revenue. Nevertheless, June's borrowing figure was still the third highest monthly total since records began in 1993 and about five times more than the same month last year. The figure took total government debt to a record £1.98 trillion.
- On Tuesday, the chancellor launched the 2020 Comprehensive Spending Review (CSR), which will set out the government's plans for this parliament. The Treasury said one of the priorities would be "strengthening the UK's economic recovery from COVID-19 by prioritising jobs and skills". But it added: "given the impact COVID-19 has had on the economy, the chancellor was clear there will need to be tough choices in other areas of spending at the review."

UK property sales in slump – temporary hold on stamp duty announced to boost demand

- June property sales in the UK were nearly a third lower than last year despite a pick-up since the housing market reopened.
- A total of 68,670 residential properties were sold in June, data from HM Revenue and Customs (HMRC) shows. This was down 31.5% on the same month a year ago, but up 50% on May.
- Demand for property has risen and, as housing is a key part of the UK economy, the government has raised the incentives for buyers. Chancellor Rishi Sunak announced a temporary holiday on stamp duty on the first £500,000 of all property sales in England and Northern Ireland in his summer statement. But that measure came into force in July - too late to be reflected in the latest sales figures.

Grocery sales reach new

- The latest grocery market share figures from [Kantar](#) show take-home grocery sales rose by 16.9% during the 12 weeks to 12 July 2020, the fastest growth rate since 1994. Total sales reached a record £31.6 billion, reflecting three months of increased grocery purchasing during lockdown while most other retailers, bars and restaurants were either closed or experiencing significant reductions in trade.
- All of the big four supermarkets experienced strong sales growth in the past 12 weeks, in line with the overall market trend.
- Grocery inflation now stands at 3.6% for the 12-week period ending 12 July 2020. Prices have been rising since the 12 weeks to 1 January 2017, following a period of grocery price deflation which ran for 30 consecutive periods from September 2014 to December 2016.