

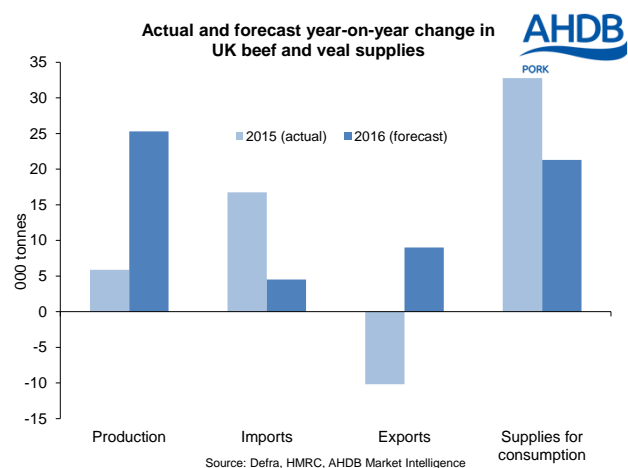
Rising supplies of other meats provide competition for pork

Latest [AHDB Beef & Lamb forecasts](#) suggest there will be more beef and sheep meat on the UK market this year. With an expectation that poultry supplies will also be higher, the meat market looks set to remain competitive. This could mean that the recent deflation in the retail meat market could continue. Even if, as indicated in AHDB Pork [forecasts published last month](#), there is less pig meat on the market, this competition could hold prices down to some extent.

Since the autumn, prime cattle prices have been on a downward trajectory. There is also little expectation of an upturn in raw milk prices before the end of the year. Therefore, significantly more cows are expected to be slaughtered over the course of the year, as producers struggle with cash flow problems.

Prime cattle supplies are also forecast to be higher, as a result of higher calf registrations over the past couple of years. However, the higher numbers are set to be mitigated by lower carcase weights, as processors tighten their specifications, penalising heavier cattle. Nevertheless, beef and veal production is forecast to be 3% higher than in 2015.

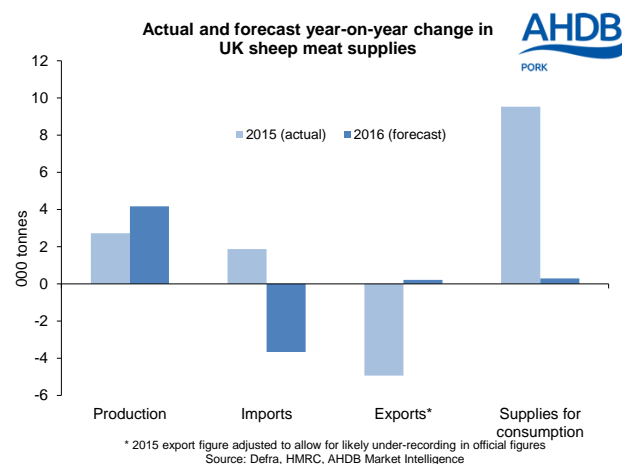
The weakening of the pound against the euro since last year means there may be better prospects for exports, although they only account for around 15% of production. Imports, though, are expected to be similar to last year as Irish production is forecast to rise. Therefore, available supplies on the UK market will again be higher this year, meaning the market is likely to remain challenging for producers.



The latest forecasts for sheep meat production predict that output in the first three quarters of 2016 will actually be lower than the corresponding periods in 2015. This is partly due to a lower carryover of lambs from the previous season. In addition, more lambs will be required as replacements in the breeding flock and slaughterings will also be influenced by an expected return to a more normal seasonal marketing pattern, although this is weather dependent.

Adult sheep slaughterings are forecast to increase, though, as the low levels seen in the past two years have led to an ageing breeding flock. This higher level of mutton output is expected to mean overall sheep meat production rises.

International trade in sheep meat will be heavily influenced by currency fluctuations, which could be affected by the EU referendum in June. At present, with a weaker pound this year and lower production in New Zealand, an improved balance of trade is expected. Overall, supplies are expected to remain high as slightly increased exports and lower imports are not enough to fully offset the rise in production.



AHDB does not cover the poultry industry, so no production forecasts are produced. However, poultry meat statistics published by Defra show that broiler chick placings in the first quarter were up 2% on the same period in 2015. Furthermore, the number of broiler chickens slaughtered in the three months was also up 2% on the year.

There have been mixed messages from the poultry sector about the outlook. Some leading companies are reportedly expecting production to increase this year but independent producers are having a tougher time, as wholesale chicken prices have decreased. This has become more evident, with some having left sheds empty. Therefore, a modest increase in chicken production seems the most likely scenario.

Over the last year, retail meat prices have been falling. According to Kantar Worldpanel, in the 52 weeks ended 27 March, the average price paid for fresh/frozen meat (including bacon) was over 3% lower than a year before. Given the increased supplies of beef, lamb and chicken expected to be available this year, prices may well remain under pressure.

Pork will have to compete in this environment. Therefore, even if, as forecast, there is less available to the market as the year progresses, retail prices may not be able to rise much. This could hold prices down throughout the supply chain, including at the farmgate.