

QMS Beef Market Update

Purpose:

To provide an update on the key industry and economic factors driving the beef market in Scotland.

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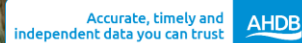
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Data Disclaimer: All deadweight price data used in this report is supplied to QMS by AHDB, who collect the data from reporting abattoirs each week and publish a consolidated set of data, regionally within GB for cattle, and GB-wide for sheep and pigs.

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BEEF MARKET

SUMMARY OF MARKET DEVELOPMENTS

- Prime cattle prices softened significantly after Easter as slaughter numbers rebounded, particularly south of the border, where the deadweight-reported prime kill posted its two largest weeks of the year. However, prices are still 20% above the five-year average.
- Relatively stronger prime cattle availability on farm in Scotland coupled with softer processing demand may have placed additional pressure on prices in Scotland.
- Store prices have dipped seasonally but values remain historically firm, signalling a squeeze on finishing margins.
- Cow prices also fell sharply after Easter, but remained elevated relative to prime cattle, likely reflecting the impact of consumer price inflation on the composition of demand.
- In Scotland, prime cattle slaughter has continued to show significant year-on-year declines due to a low slaughter rate and an increased net outflow of cattle. However, around half of the decline in throughput has been offset by increased weights.
- Heavier weights (+3%) may have offset some of the squeeze on finishing margins from higher store purchase costs, depending on how much it cost to add this weight.
- While consumer spend on beef continues to grow strongly (+10%), higher consumer prices are pressuring the volume and composition of demand in the domestic market.
- The energy shock of spring 2026 may also be contributing to softer demand, with elevated fuel prices and expectations of higher energy costs later this year potentially affecting willingness to spend. Slowing wage and job growth may also be at play.
- Lower domestic demand continued to support export activity at the start of 2026, while penetration of competitively priced beef from non-EU countries held at around 30% of overall imports, more than offsetting lower volumes arriving from the EU.
- Overall UK market supply edged lower in Q1 2026 as slightly higher domestic production and imports were more than offset by increased export volumes.
- After rising 30% in 2025, EU beef prices climbed further at the start of 2026. However, they have fallen back in the spring, signalling some impact on the volume of demand from elevated consumer prices similar to what has happened in the UK. If UK import and export prices have fallen through the spring, this could also help explain a general drift lower in domestic market prices.

Report Category	Basis	Average price or volume	Change on week	Change over four weeks	Change on year	Change on 5-year avg
R4L steer price at Scottish abattoirs	p/kg dwt, w/e 02 May	626.2	-8.6p	-2.7%	-13.3%	+20.3%
Deadweight price reported prime cattle slaughter at Scottish abattoirs (est 83% of kill in Jan to Dec 2025, rising to 90% in Q1 2026)	Average in four weeks to 02 May, head procured deadweight	5,810		-4.3%	+1.7%	-2.7%
						(changes boosted by higher dwt share of prime kill in 2026)
Store price at Scottish auctions for steers aged 12-18 months	Average in four weeks to May 02, £ per head	£1,881		-4.6%	-2.8%	+37.9% (2023 prices excluded from 5y avg due to lack of data)
UK beef market supply	Tonnes in Jan to Mar 2025 (estimate)	254,800			-0.6%	-0.8%

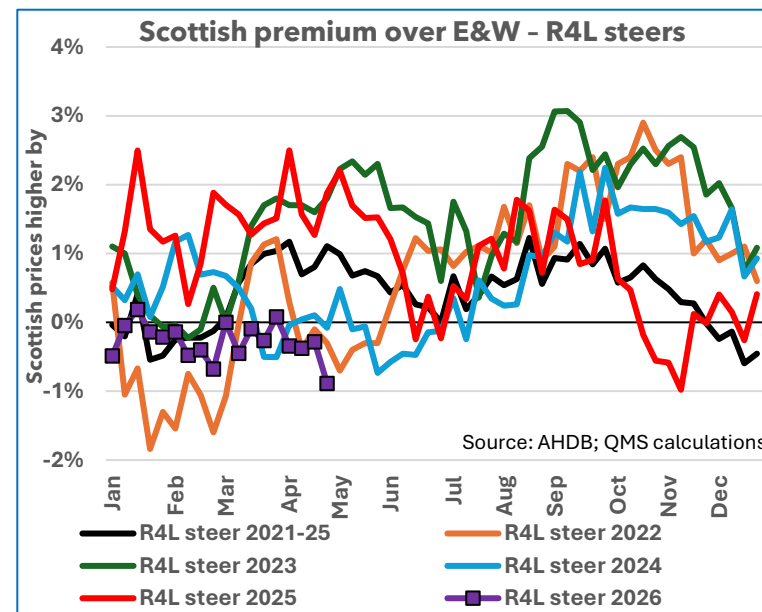
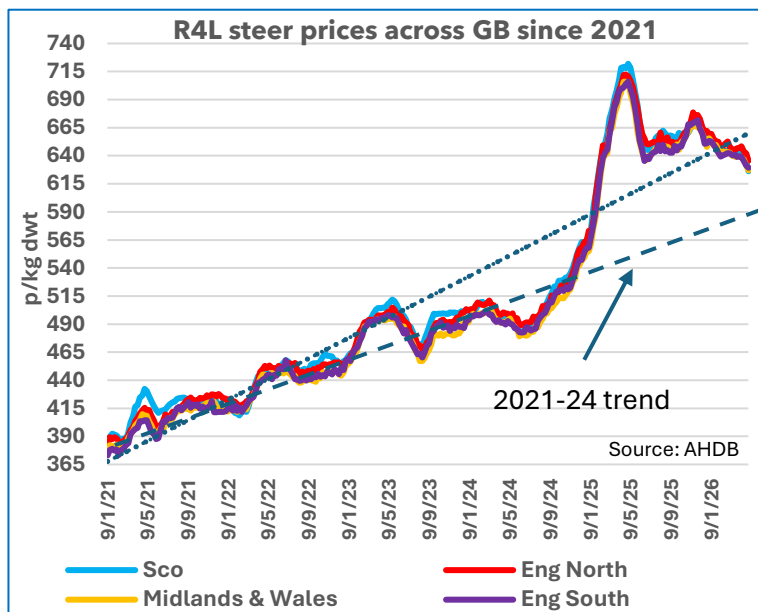
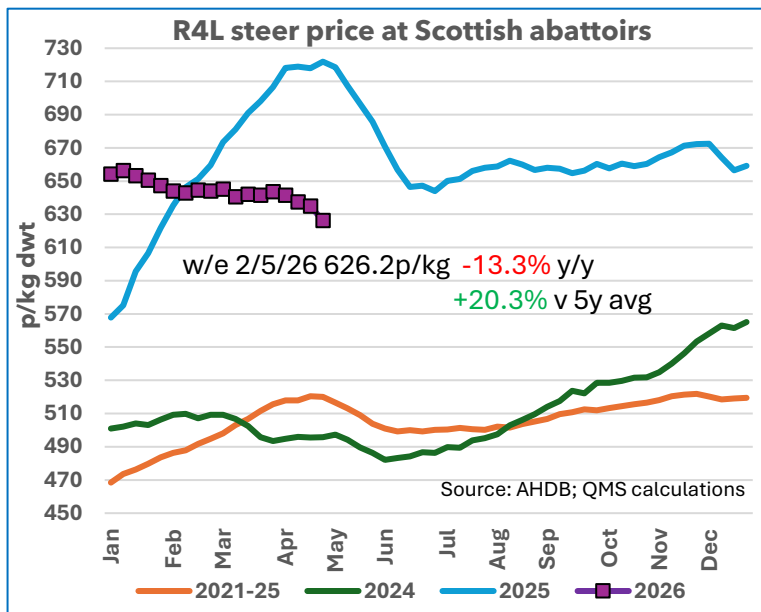
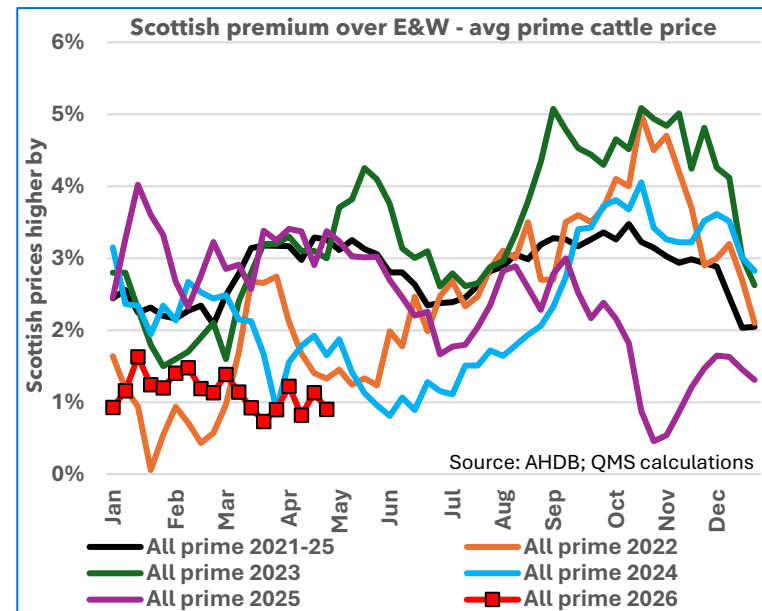
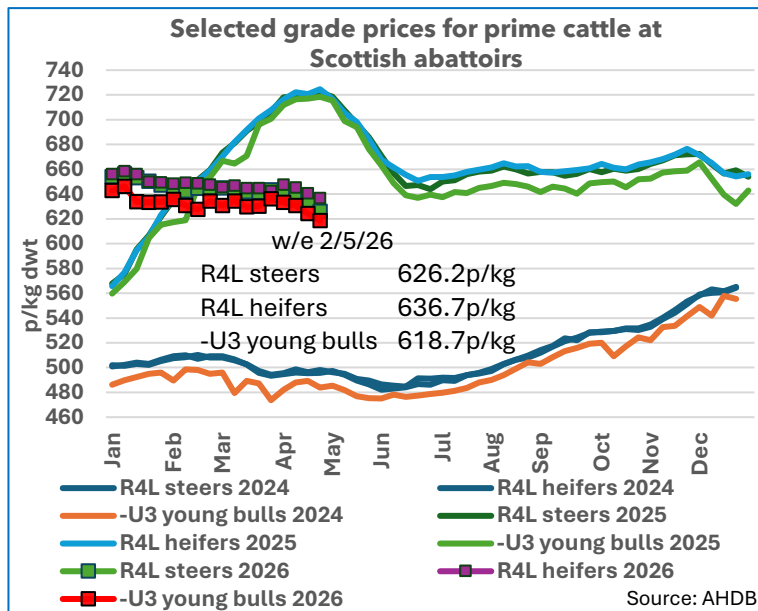
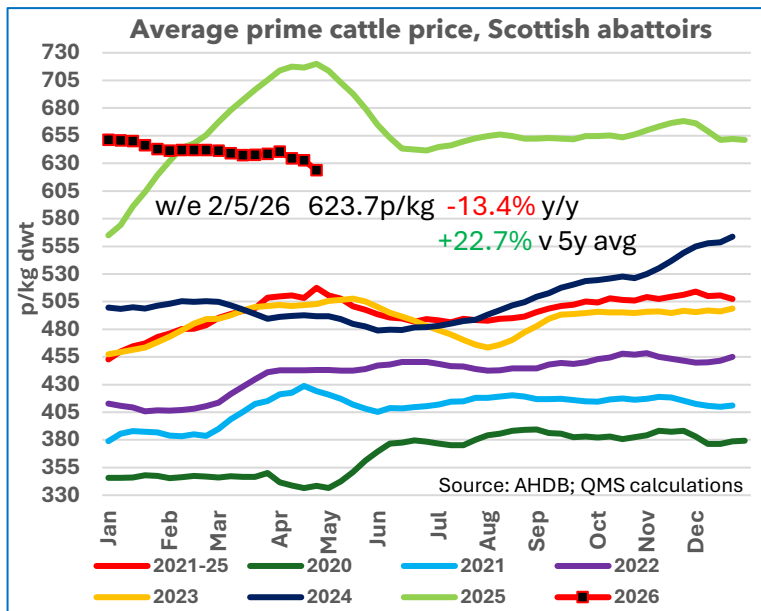
Market Outlook

- Prime cattle availability has dipped from its seasonal peak in Scotland as the spring calves from 2024 have passed peak slaughter age. However, there is usually a short-lived renewed uplift at some point in May and June as the turned-out cattle reach slaughter condition, before numbers tighten towards their summer low. Lower farmgate prices could lead to some scope for retailers to stimulate consumption through promotional activity.
- In theory, external pressures remain bullish with EU beef production falling further at the start of 2026 after a 4% decline in 2025 and EU cattle numbers were down another 1% in December 2025. Globally, the USDA has forecast a 1% reduction in global beef output in 2026, ending a period of slow upturn as US production declines further while Australian and Brazilian cattle cycles turn. Increased Chinese tariffs on Australian and Brazilian beef at some point this summer could lead to volatility in trade flows, with wider implications for the global market.



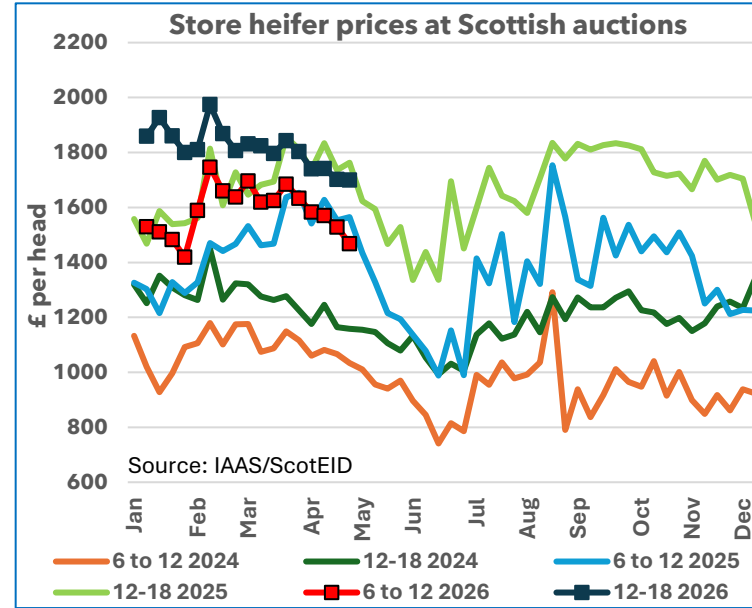
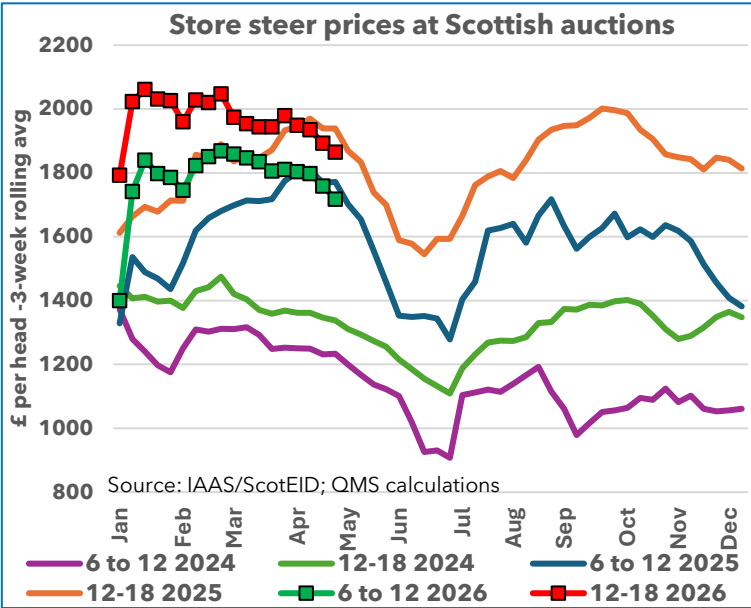
Farmgate prices: prime cattle

Prices have softened significantly since Easter, suggesting weaker competition between processors. However, prices are still 20% above the five-year average and remain above the level indicated by the 2021-24 upwards trend. Relatively stronger availability on farm coupled with sluggish processor demand are likely to have placed additional pressured on prices in Scotland.



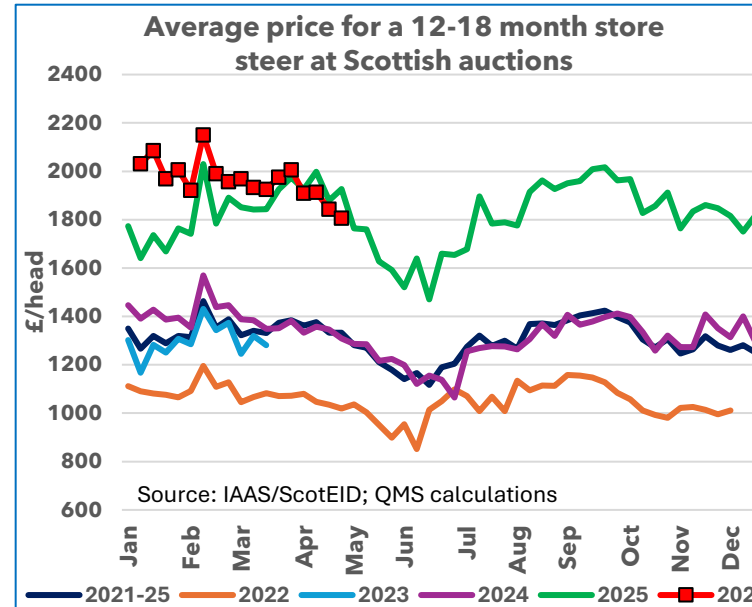
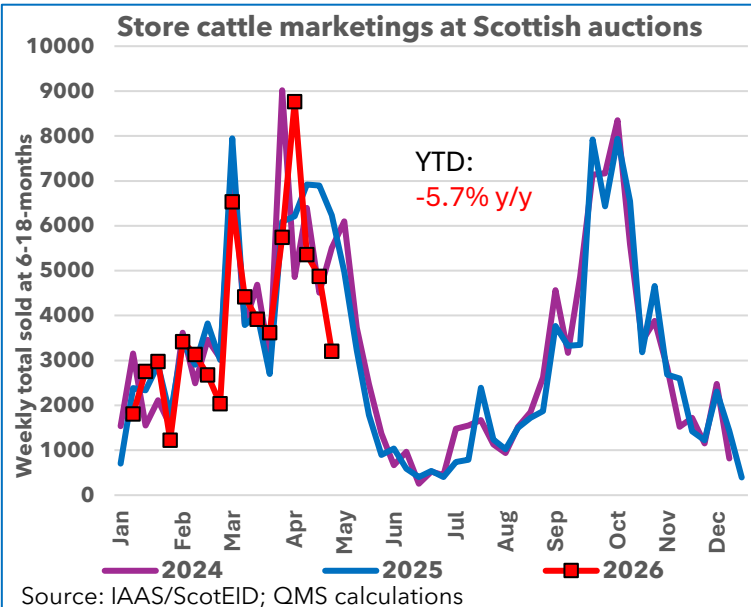
Store cattle trade

Store prices have softened seasonally but remain historically elevated. While supporting the confidence of calf producers, current store price levels are signalling a squeeze on finishing margins.



Store cattle prices have softened seasonally as the main spring selling period moves towards its final weeks but they remain historically firm, supported by reduced auction volumes this year. Although slipping slightly behind the highs of late spring 2025 when the finished cattle trade was at its record high, store values remain elevated when set against finished carcase value. Prices for steers aged 6-12 months have dipped slightly more slowly than yearlings and prices in both categories have been around 5% below their year-to-date high in April.

While providing vital confidence to specialist calf producers, elevated store prices are likely to be squeezing finishing margins.



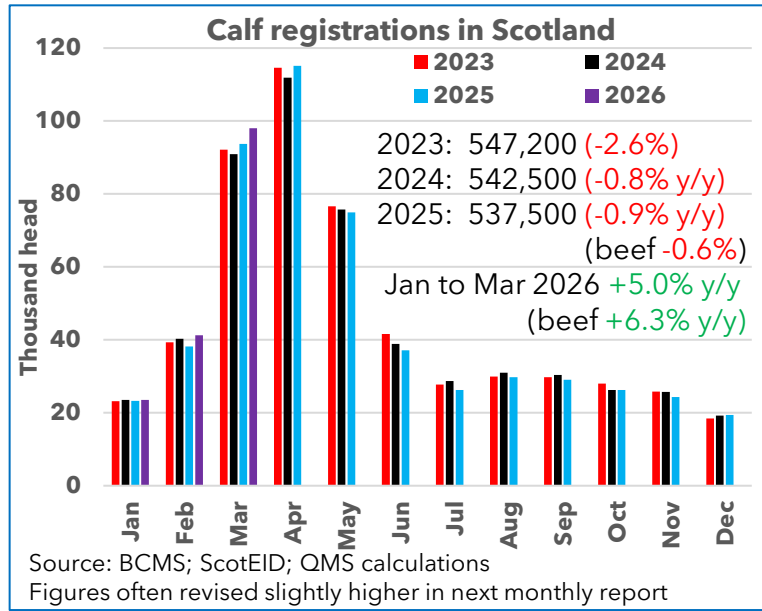
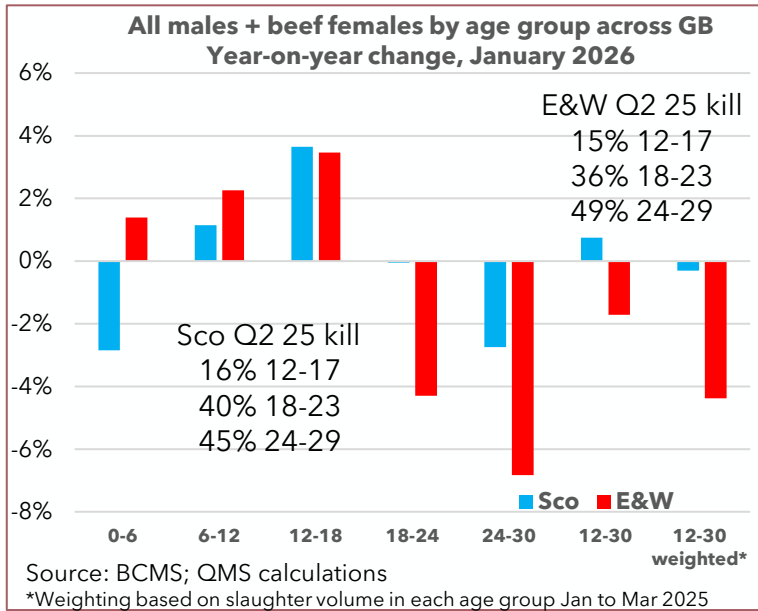
4 weeks to 02/05/26		
Store cattle prices		y/y change
Steers, 6-12 months	£1,744	-1.2%
Steers, 12-18 months	£1,881	-2.8%
Heifers, 6-12 months	£1,549	-1.5%
Heifers: 12-18 months	£1,726	-2.4%
Store cattle marketings		y/y change
All steers & heifers, 6-18 months	22,200	-15.4%

Source: IAAS/ScotEID; QMS calculations
Prices rounded to nearest £1 and numbers to nearest 100

Indicative finished cattle carcase values w/e 2/5/26	
380kg R4L steer: £2,380	345kg R4L heifer: £2,197
Source: AHDB; QMS calculations	

Availability for slaughter

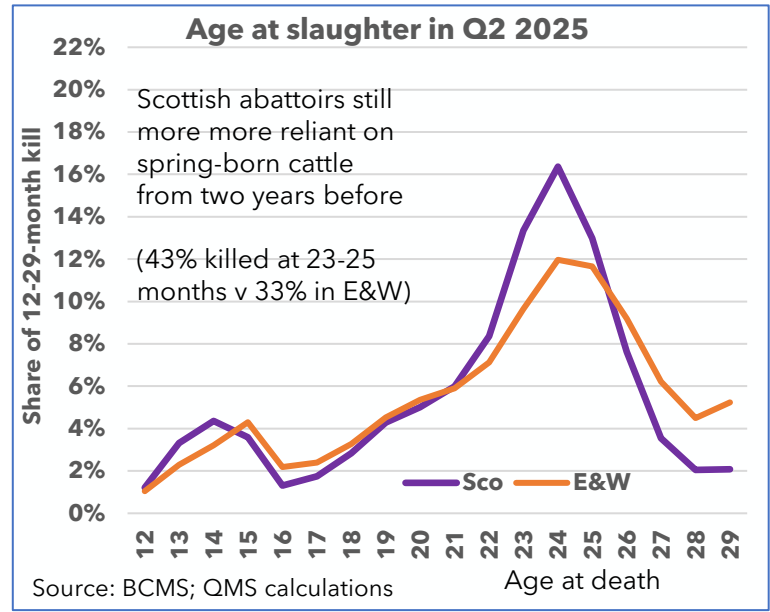
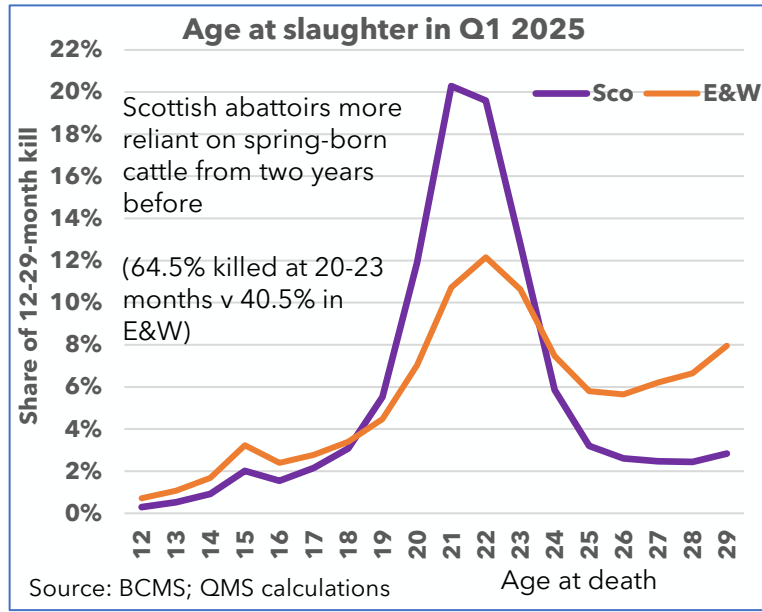
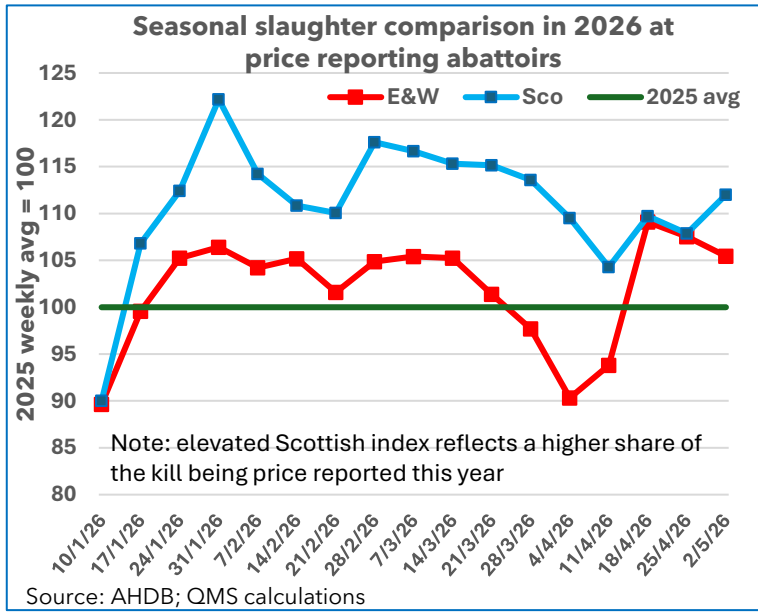
In theory, availability for slaughter should be relatively stronger in Scotland than in England & Wales in the first half of 2026. Slaughter has dipped seasonally in Scotland in April, with little rebound since Easter, while reaching a year-to-date high in England & Wales where age at death tends to be older.



In theory, prime cattle availability should be relatively stronger in Scotland in the first half of 2026 than in England & Wales due to a more stable population in the key 18-24-month group and smaller decline at 24-30 months, which makes up a higher share of the kill south of the border.

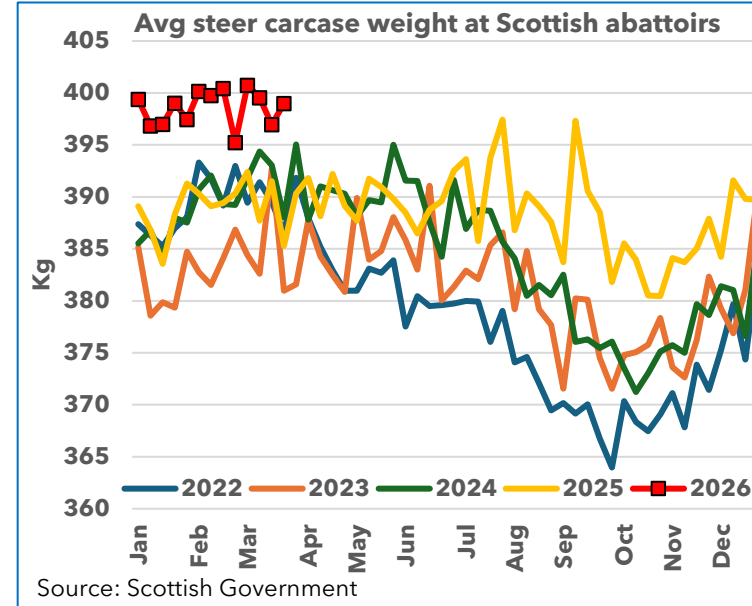
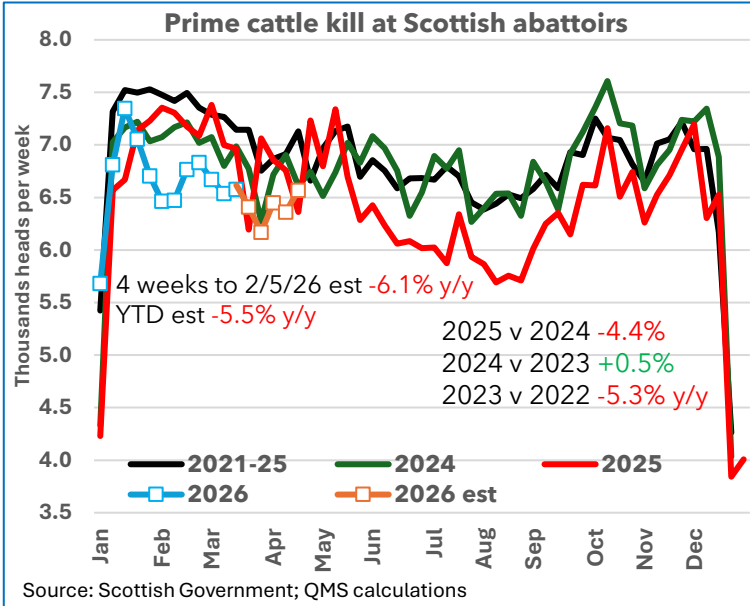
As the year progresses, this should begin to even out as the cattle aged 12-18-months in January begin to take a more prominent position in the kill while supplies of those aged 24-30 months in January begin to dwindle. However, the generally older slaughter profile and decline in the 18-24-month group in England & Wales in January is likely to mean that availability improves more slowly south of the border.

Although we are now past the seasonal peak in prime cattle availability in Scotland, there is likely to be a brief rebound at some point in May and June as the turned-out cattle reach slaughter condition.

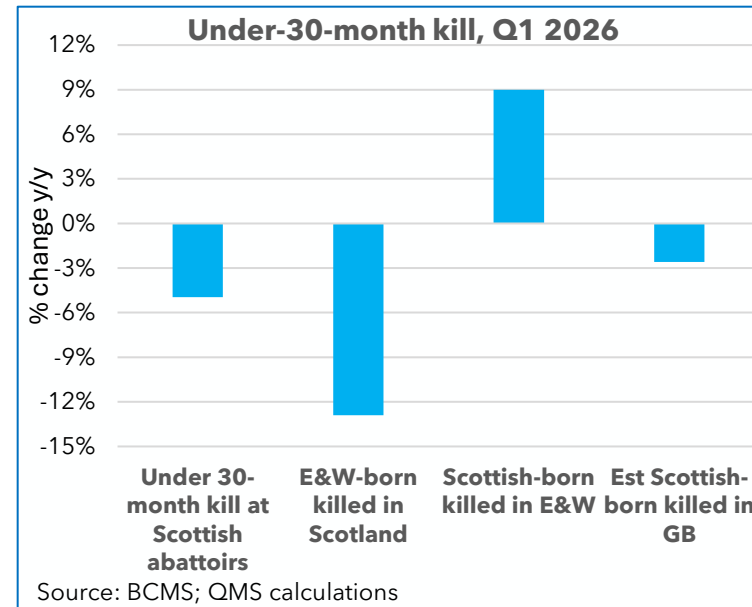
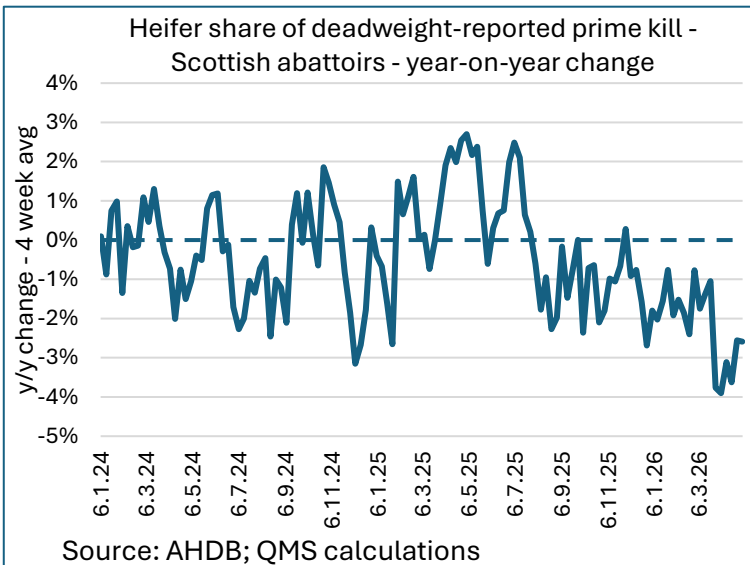


Prime cattle slaughter

Slaughter dipped seasonally in Scotland in April while reaching a year-to-date high in England & Wales. Declining prime cattle slaughter in Scotland reflects a continuing low slaughter rate and an increased net outflow to England & Wales, signalling weak demand from Scottish processors. Elevated weights have offset around half of the decline in slaughter, adding to the softness of competition.



In Scotland, weekly prime cattle slaughter has shown a limited rebound since Easter, reflecting a seasonal dip in availability (spring calving dominance and peak slaughter age of around 21 months). By contrast, deadweight price supports from England & Wales point to slaughter reaching its highest of the year so far since Easter. This reflects older slaughter ages south of the border.

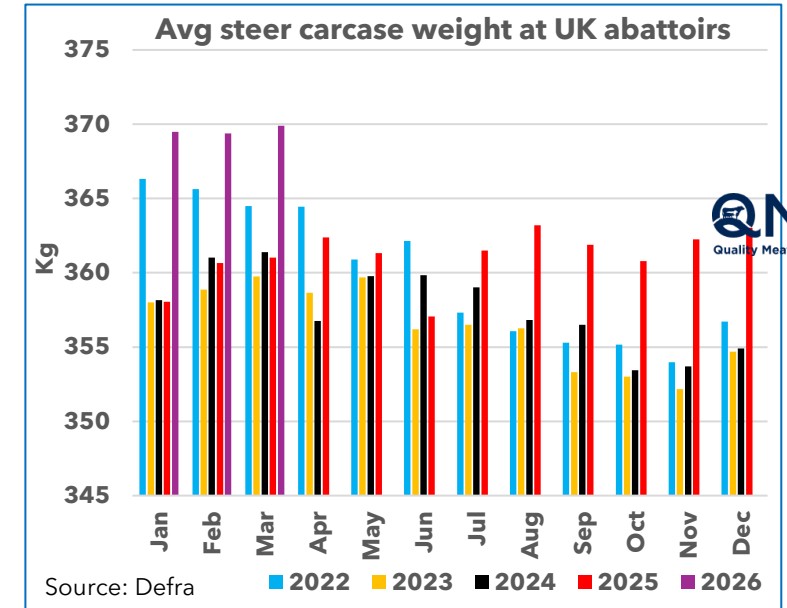
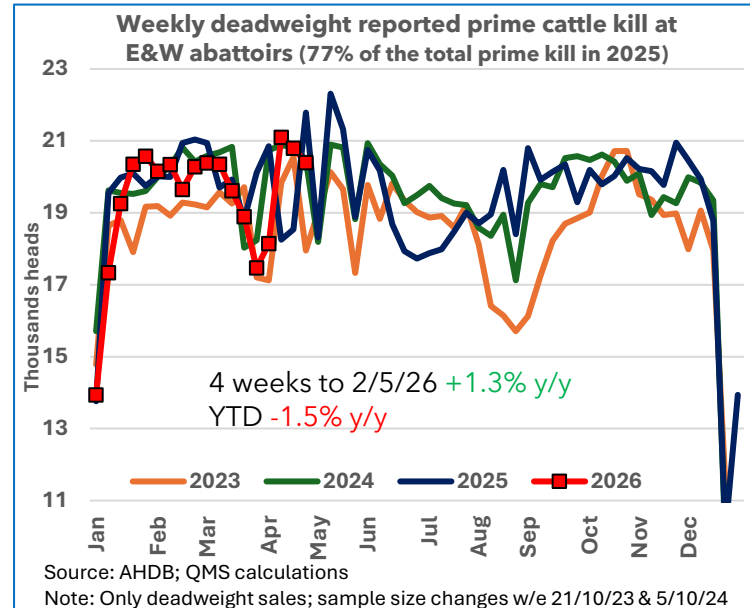
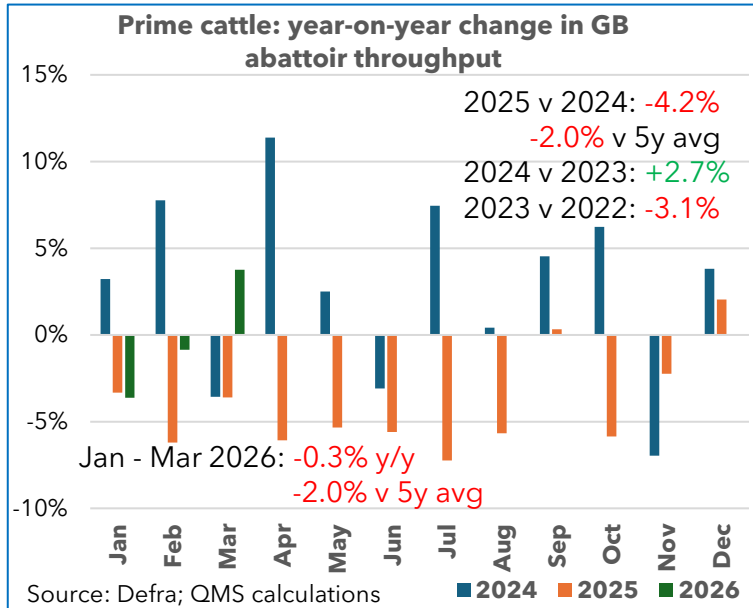


In Scotland, the declines in prime cattle slaughter of 2025 have continued into 2026, reflecting a low slaughter rate plus an increased net outflow to England & Wales for slaughter, signalling weak demand from Scottish processors. However, in production volume terms, around half the 6% decline in slaughter has been offset by increased carcass weights, adding to the softness in competition for cattle.

A consistently lower share of heifers in the prime kill since summer 2025 suggests that there could be a move towards herd stabilisation underway, although some of this decline reflects an elevated heifer kill during the period of surging cattle prices in 2025.

Prime cattle slaughter: GB

Slaughter stabilised at GB level in the first quarter of 2026 despite population data signalling reduced availability on farm, although an extra working day in March this year will have had some influence. After tightening ahead of Easter, deadweight price reports point to a jump in slaughter since mid-April in E&W.

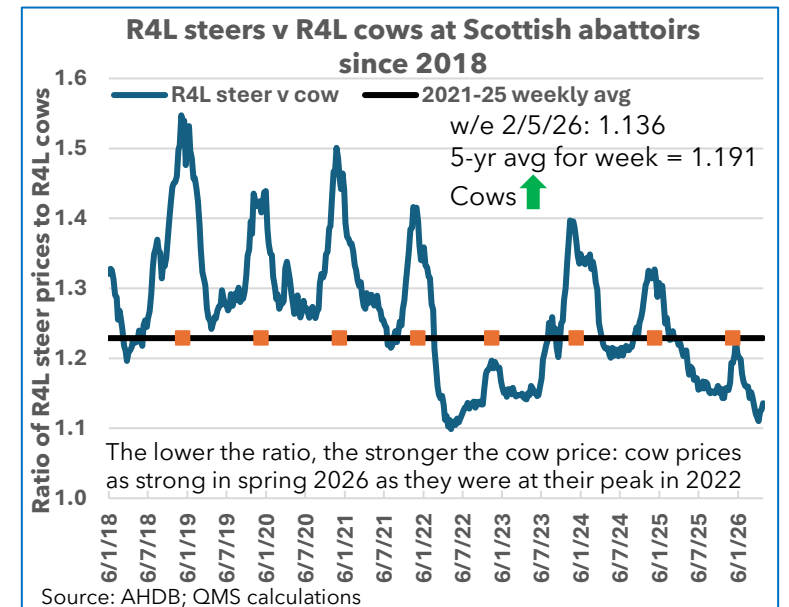
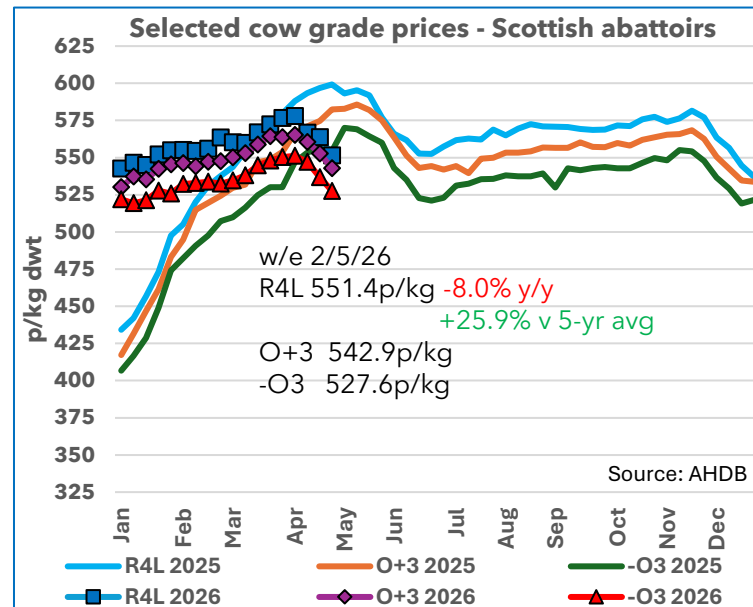
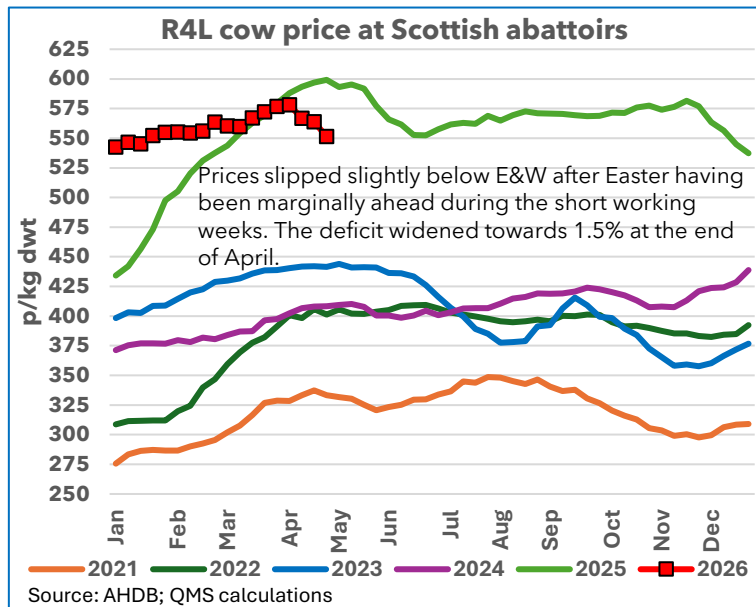
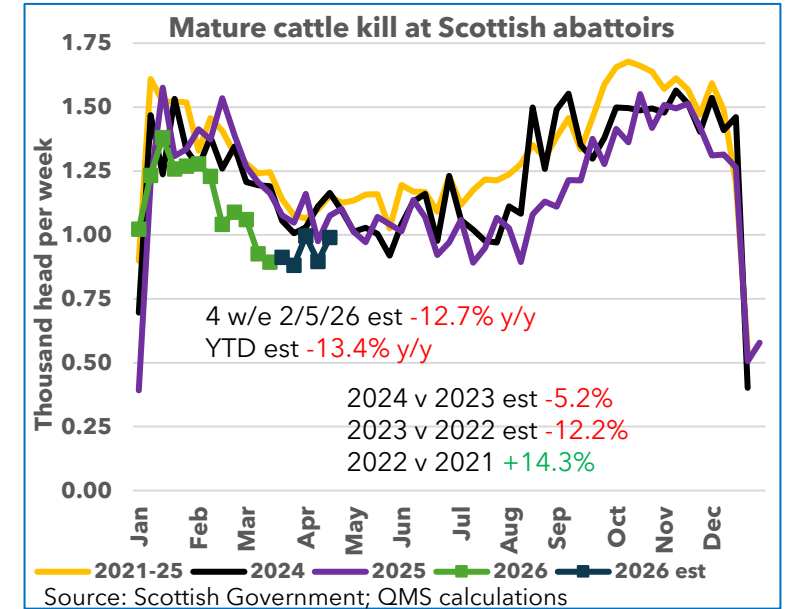
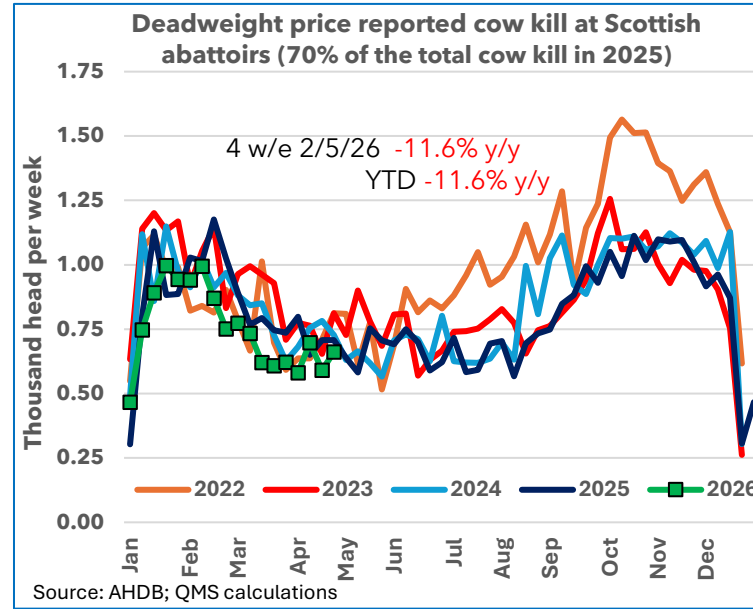
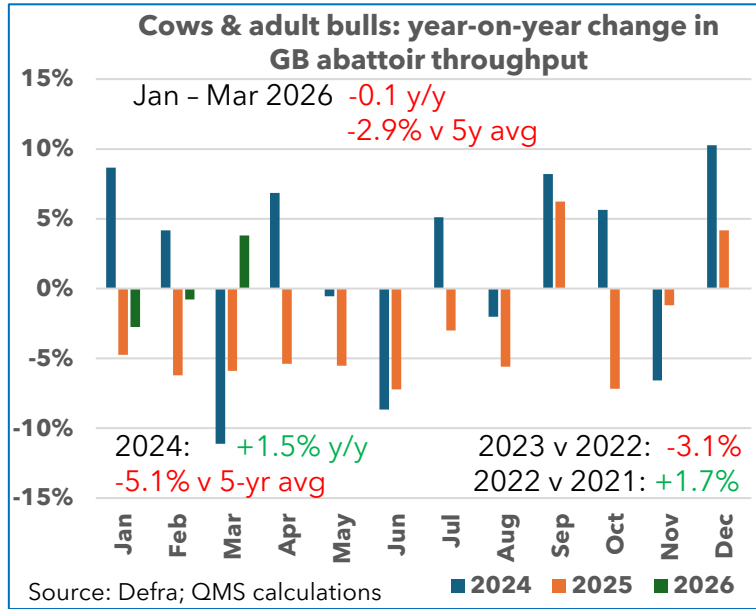


Despite the January population data highlighting a reduction in prime cattle on GB farms at the start of 2026, Defra slaughter statistics point to a more stable level of kill in Q1 2026 after the significant declines in 2025. However, an extra working day in March this year will have had some influence. Heavier weights will have pushed up prime beef output, and this may have exerted some downwards pressure on farmgate prices.

Deadweight price reports from south of the border pointed towards a significant tightening of supply ahead of Easter before a strong rebound after the short working weeks in the first half of April. Seasonal trends suggest that weekly numbers could remain elevated until June, as spring calves from 2024 reach slaughter age at around two years old, although there will be week-to-week volatility due to the May public holidays.

Mature cattle market

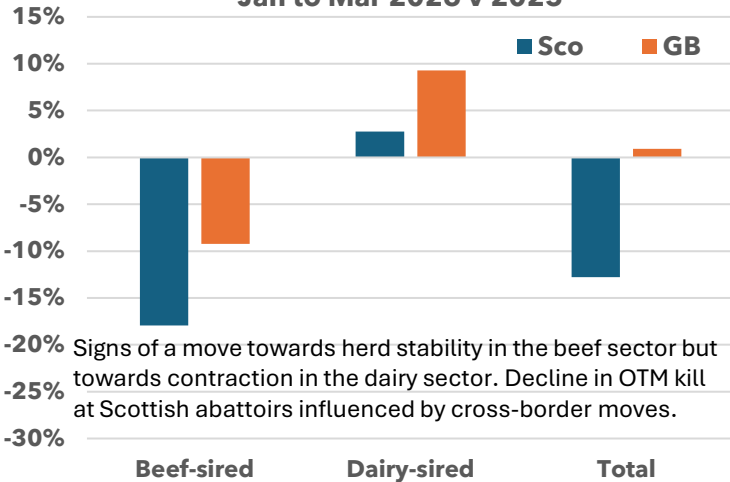
After exhibiting a fairly normal upwards seasonal pricing trend with slaughter falling back from its winter peak, cow prices followed the prime beef market downwards after Easter, suggesting a general softening of demand. However, cow prices remain very strong relative to prime cattle, and this may reflect the inflationary environment.



Breeding herd

While still contracting, the pace of beef herd decline softened further at the start of 2026. By contrast, two years of growth in the dairy herd came to an end following a market downturn.

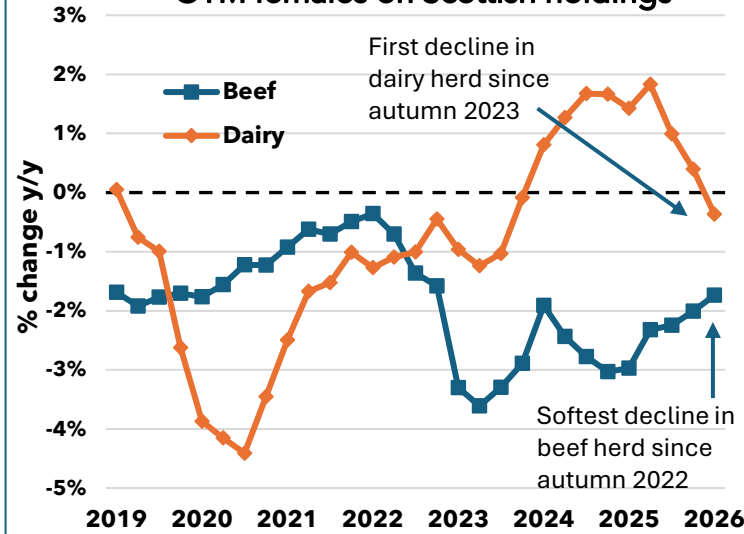
Females 30 months + change in abattoir throughput Jan to Mar 2026 v 2025



Signs of a move towards herd stability in the beef sector but towards contraction in the dairy sector. Decline in OTM kill at Scottish abattoirs influenced by cross-border moves.

Source: BCMS; QMS calculations

OTM females on Scottish holdings



Source: BCMS; QMS calculations

In January 2026, there were 395,000 beef-sired females aged 30 months and over on Scottish holdings. This was a 1.7% decline from a year earlier, the smallest reduction since October 2022. ScotEID population data from early March signalled a further slowdown in the decline. Nevertheless, as the year began, numbers were still down nearly 10% on 2021 and by nearly 14% on 2018. The total at the start of 2025 had been 401,900 head.

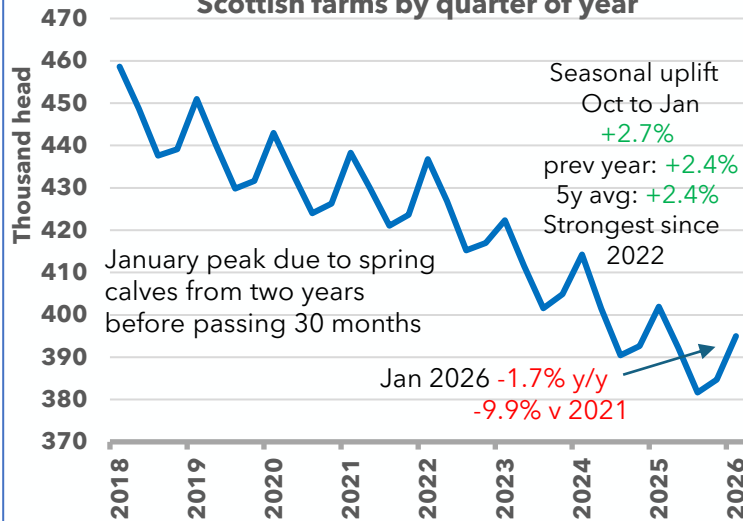
The seasonal uplift from the previous quarter was the strongest for the period in four years. This was the second consecutive quarter that the seasonal change had been above the five-year average, signalling a more positive move towards herd stability in the second half of 2025.

However, if seasonal changes were to continue exceeding their five-year average by 0.3 percentage points, the year-on-year rate of decline would settle at -1% in the second half of 2026. One limiting factor to a slowdown in herd decline has been a reduced population of beef-sired females aged 24-30 months - they were down 5.2% year-on-year in October 2025, softening to -3.1% in January 2026, reflecting reduced calf registrations in 2023.

With the beef breeding herd continuing to contract, productivity gains have been required to limit the decline in prime cattle production. These gains have been supported by the culling of the least productive cows and the additional beef-sired calves produced by growth in the dairy herd in 2024 and 2025. However, the dairy herd has now gone into reverse following a milk price downturn.

While also softening, the year-on-year decline in the suckler herd in England & Wales has continued to outpace the decline in Scotland, with 2.6% reduction in beef-sired females over 30 months in January. Meanwhile, the dairy herd returned to contraction after a period of stability, and this may begin to squeeze supplies again once the higher calf crop of 2025 (due to lower mortality) has been worked through.

Beef-sired females 30 months and over on Scottish farms by quarter of year



Source: BCMS; QMS calculations

Females aged 30 months+ (y/y change in Jan 2026)

	Dairy	Beef	All
Scotland	-0.4%	-1.7%	-1.3%
England & Wales	-1.3%	-2.6%	-1.8%
GB	-1.2%	-2.3%	-1.7%

Source: BCMS; QMS calculations

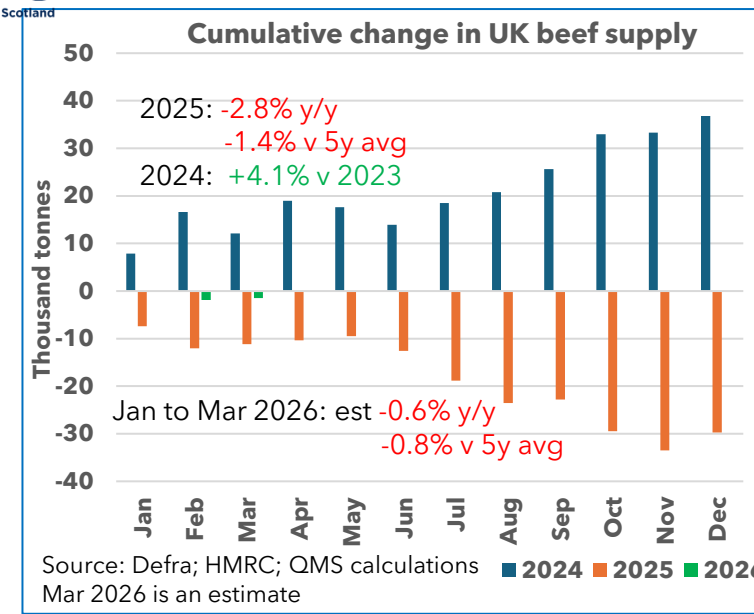
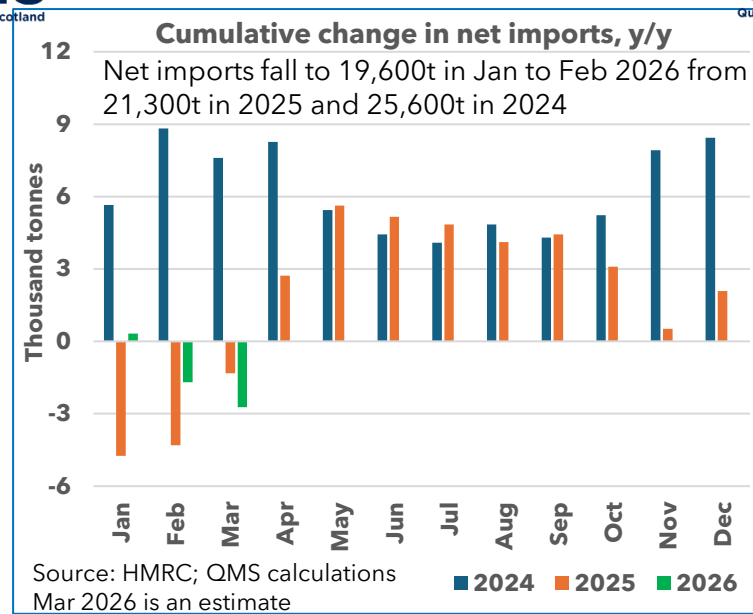
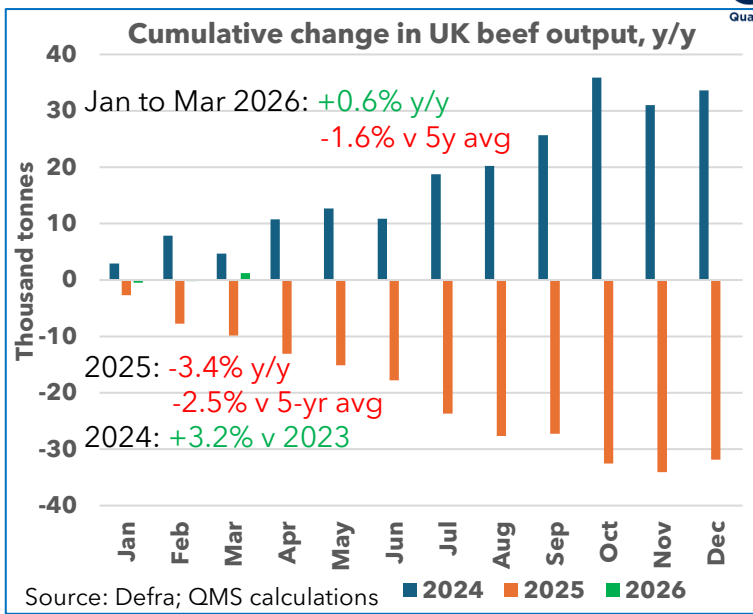
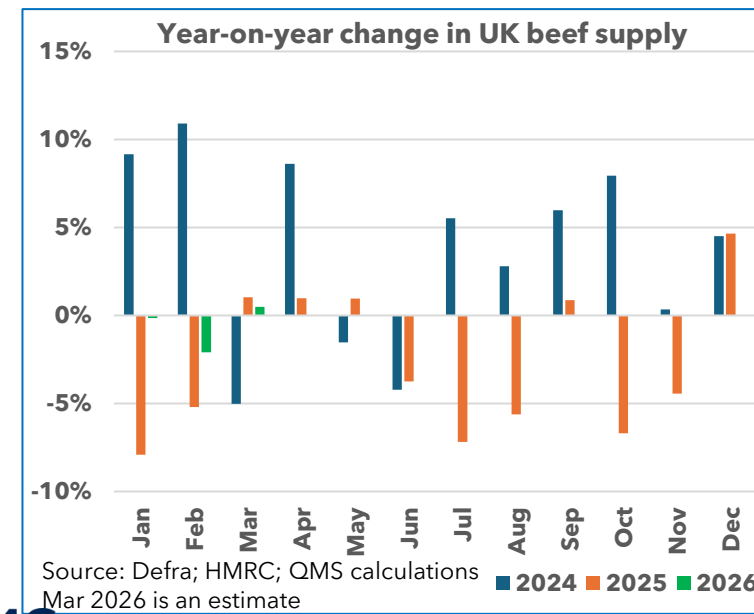
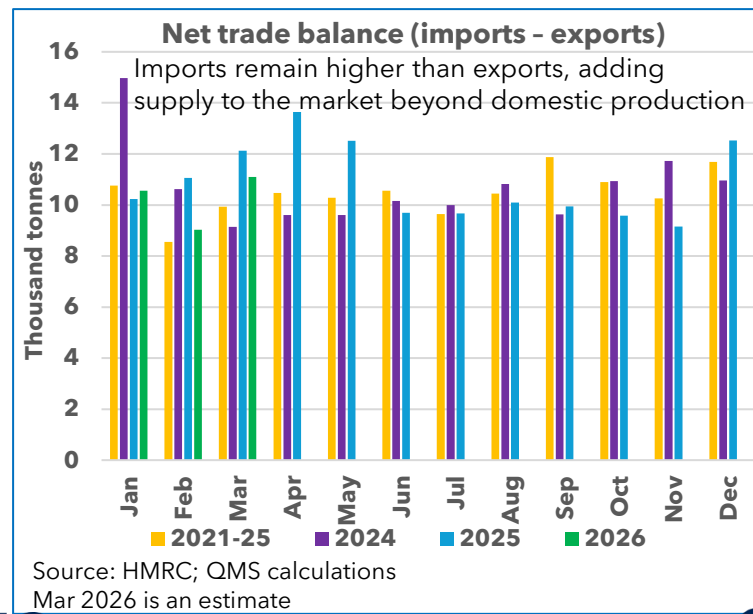
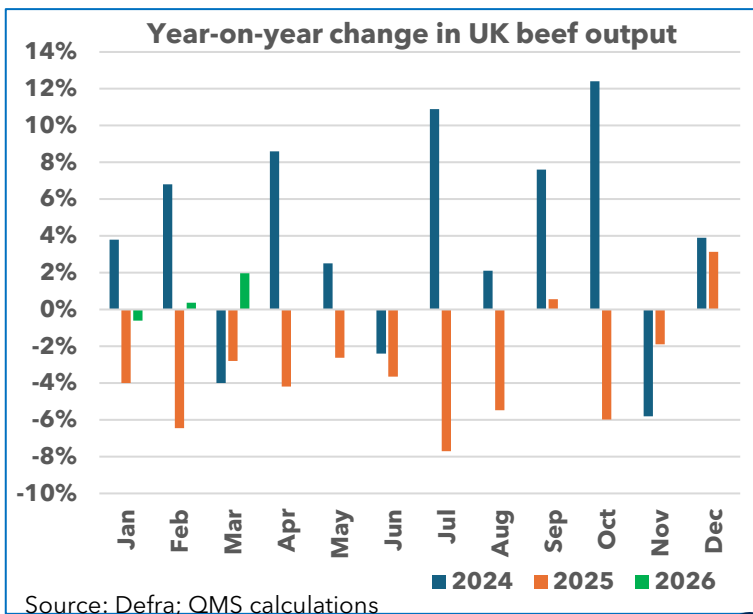
Females over 2 years old with offspring (y/y change)

Country and date	Dairy	Beef	All
Scotland (June 2025)	+1.5%	-2.5%	-1.2%
Wales (June 2025)	+1.1%	-5.0%	-1.1%
England (June 2025)	+0.2%	-4.3%	-1.4%
England (December 2025)	-0.9%	-3.5%	-1.8%

Source: Defra; Scottish Government; QMS calculations

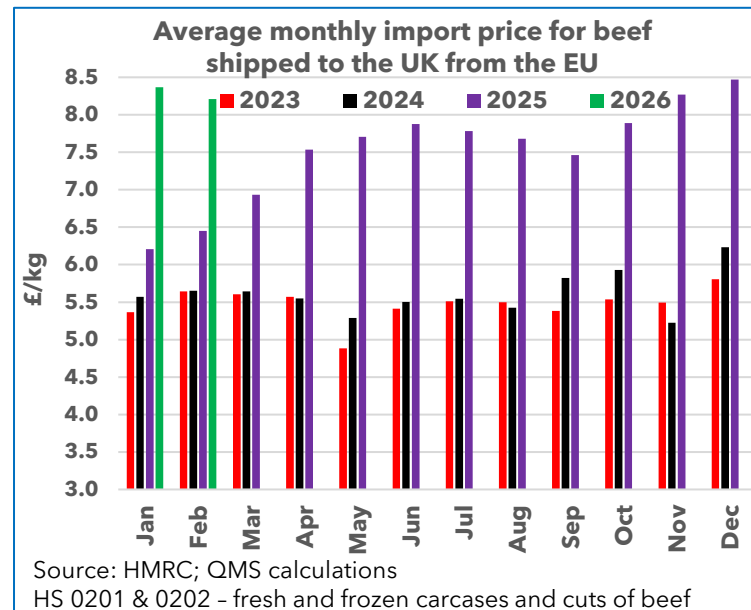
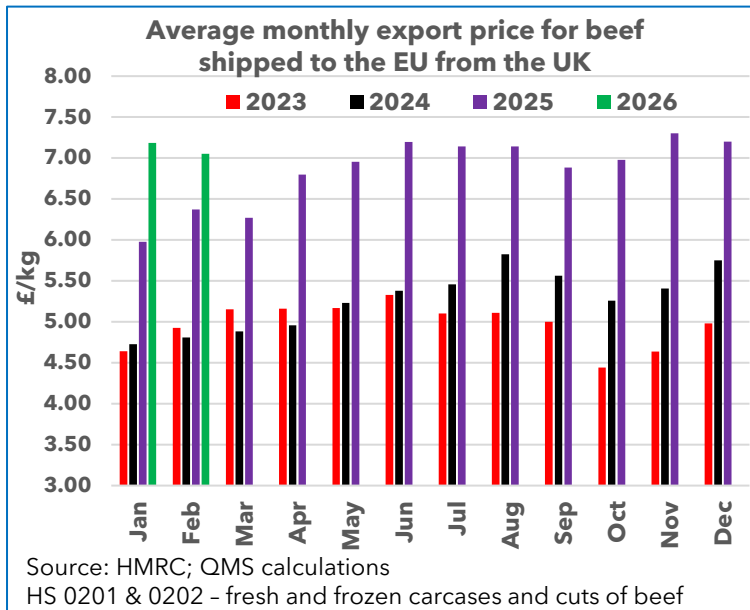
UK beef market supply

domestic production + (imports – exports) = supply



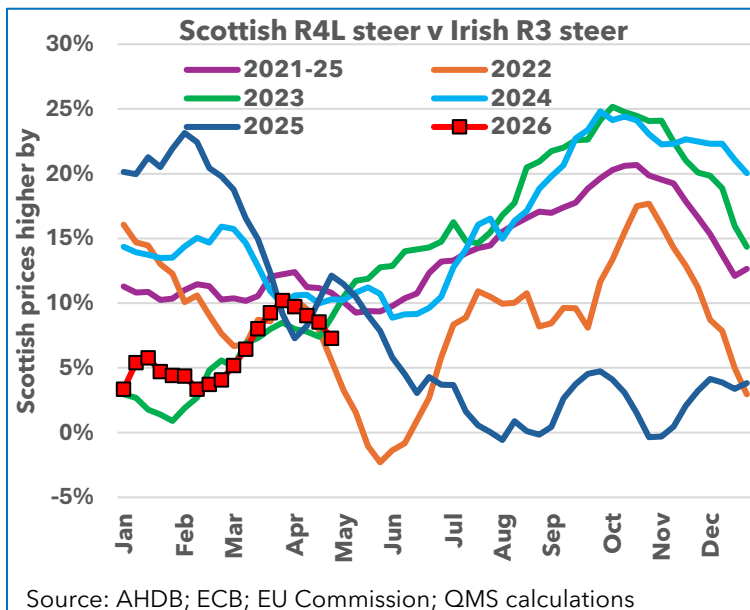
Variables influencing international trade

EU pricing opened the year at elevated levels, but farmgate prices have cooled in the spring, suggesting UK import and export prices may have softened. The Scottish-Irish price gap has returned towards a more normal level for the time of year in the spring.



UK import and export prices remained at elevated levels as 2026 began. However, reductions in EU farmgate beef prices in the spring may begin to filter through to trade prices as 2026 progresses.

A fall in Irish beef prices of around 8% since Christmas (double the decline in Scotland) has seen the gap between Scottish and Irish prices widen towards a more normal level for the time of year. Irish beef supplies usually fall to their annual low in the second quarter before rising to an autumn peak, potentially driving a further wedge between Scottish and Irish prices. Time will tell.



Selected EU cattle prices for R3 males, converted from euro to p/kg dwt

	Week 16 2026 (26/4)	Week 12 2026 (29/3)	Week 16 2025 (27/4)
Germany (young bull)	596.7	631.9	584.4
Netherlands (8-12 months)	548.0 (Week 15)	559.9	552.8
Spain (young bull)	603.0	646.2	580.0
Poland (young bull)	595.7	600.7	499.3
Irish Republic (steer)	584.4	587.0	651.2
For comparison: Scotland R4L steer	634.8	641.4	717.9

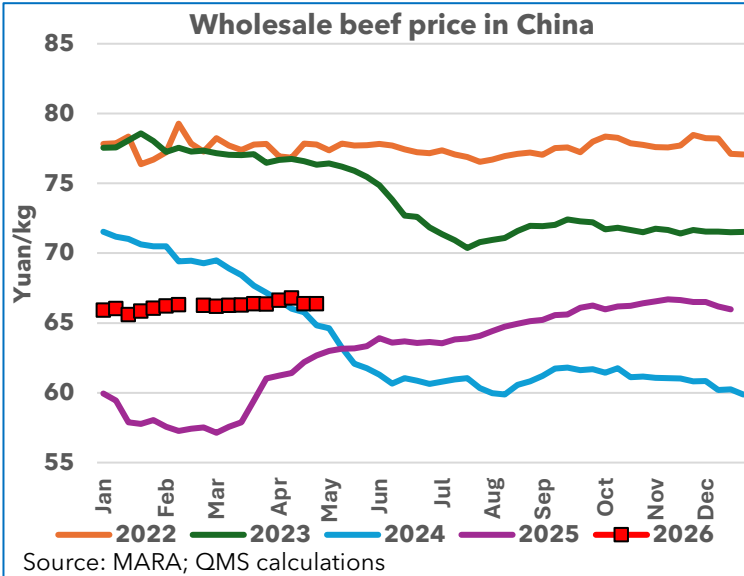
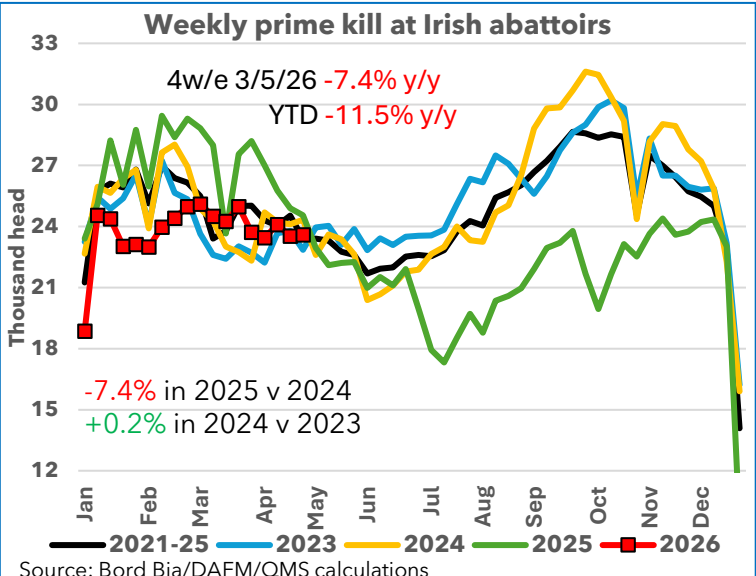
Source: AHDB; EU Commission; LMC; QMS calculations

After a strong start to 2026, there have been signs of a change in EU market conditions more recently. Indeed, after surging by 30% in 2025, the EU average for R3 grade young bulls rose another 1.5% between Christmas and early-February. However, by late-April, it had fallen 6% below its record high. Despite indications that EU production will fall further this year, perhaps consumer price inflation has finally resulted in a softening in the volume of demand, similar to what has occurred in the UK.

Please note that a +0.6% adjustment has been made to EU prices to reflect different spec and the weekly average exchange rate is sourced from the ECB

Variables influencing international trade

The Irish kill has fallen back from its seasonal peak, but is converging on 2025 levels due to the unusually front-loaded supply profile last year. In 2026, the global market remains tight as production cycles could pass their peak in Brazil and Australia while US and EU production contracts further.



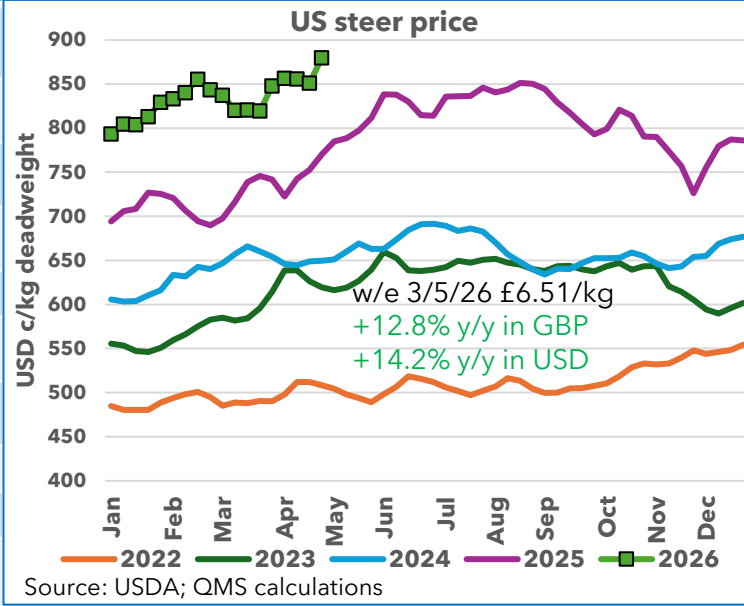
In the Irish Republic, slaughter dipped back in April from the seasonal highs seen in February and March, and it usually declines towards an annual low at the end of the second quarter. Last year's supply profile was heavily front-loaded, so numbers are starting to converge with 2025 levels after a steep decline in the first third of the year, before showing year-on-year growth during the summer.

In April the USDA updated its global beef projections for 2026 and production is still forecast to fall, ensuring markets remain tight, but at a slightly softer rate of 1%. Competition for beef is expected to be less intense as China's imports could fall sharply as a result of a safeguard clause which will add an extra 55% tariff to Australian and Brazilian beef around the middle of the year once deliveries reach the volume threshold. As a result, Chinese imports have been frontloaded this year and will fall once the threshold is reached and there could be some disruption to the global market. Nevertheless, global imports are still expected to be equivalent to 19% of world production, up from 17% in 2021.

USDA Global Beef Market Forecasts, April 2026 (million tonnes carcass weight)

Key indicators	2022	2023	2024	2025	2026 ^f _c
World, production	59.36	59.99	61.78	62.25	61.56
USA, production	12.89	12.29	12.29	11.84	11.74
Brazil, production	10.35	10.95	11.85	12.61	12.37
EU, production	6.72	6.46	6.66	6.41	6.35
Australia, production	1.88	2.22	2.58	2.89	2.85
All countries, imports	10.23	10.33	11.44	11.99	11.68
China, imports	3.50	3.58	3.74	3.66	3.20
USA, imports	1.54	1.69	2.10	2.48	2.63
EU, imports (from non-EU sources)	0.37	0.36	0.39	0.46	0.47

Source: USDA Foreign Agricultural Service



China's beef price recovery of 2025 has continued into 2026, while incredibly strong demand coupled with tight supply has seen the US market set new records this year despite the closure of a major abattoir in January. On the downside, EU prices have fallen back from their peak, suggesting that higher prices have begun to squeeze the demand-side.

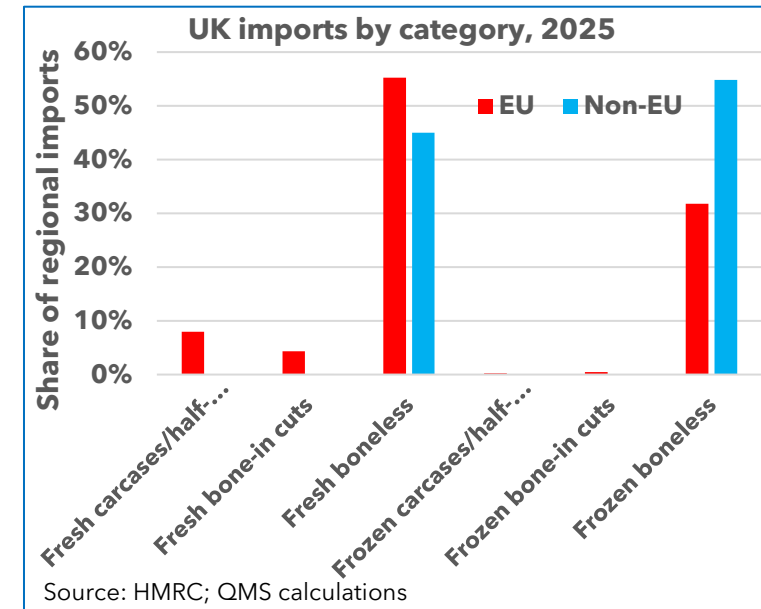
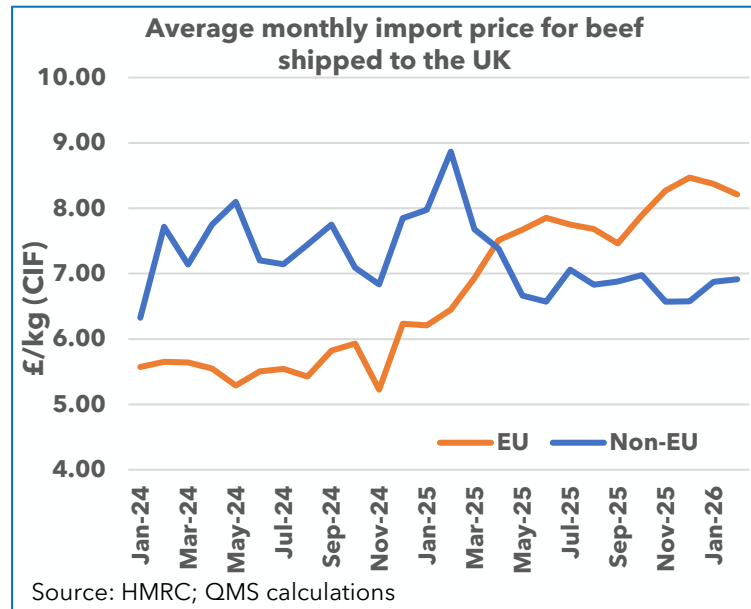
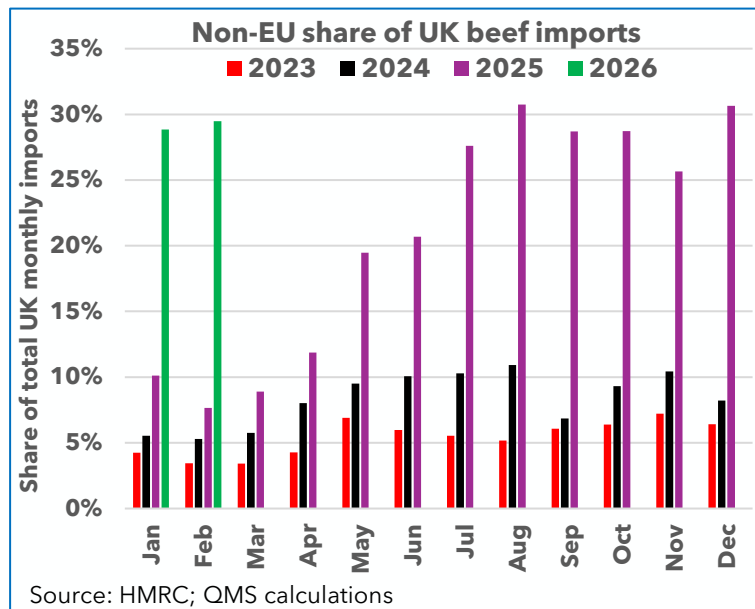
Cattle on Irish farms in June (thousand head)

Age group	2023	2024	2025	y/y change 25 v 24
Cows	2,518.7	2,449.3	2,366.4	-3.4%
<12 months	2,074.2	2,026.4	1,962.4	-3.2%
<12 v cows	82.4%	82.7%	82.9%	+0.2%
1-2 years	1,910.8	1,846.3	1,786.0	-3.3%
2+ (males & non-breeding females)	791.3	812.0	741.0	-8.7%

Source: CSO; QMS calculations

Variables influencing international trade

Elevated UK and EU pricing has resulted in non-EU imports rising from around 10% of UK imports to 30%. It will be interesting to see if this changes following a softening of EU farmgate beef prices.



Non-EU imports have traditionally been higher value cuts for the foodservice sector at highly competitive prices, but there was some coverage in UK retail in 2025. The level of trade suggests that a significant quantity will have been imported having paid the full UK tariff (12% + £2.54/kg for boneless beef).

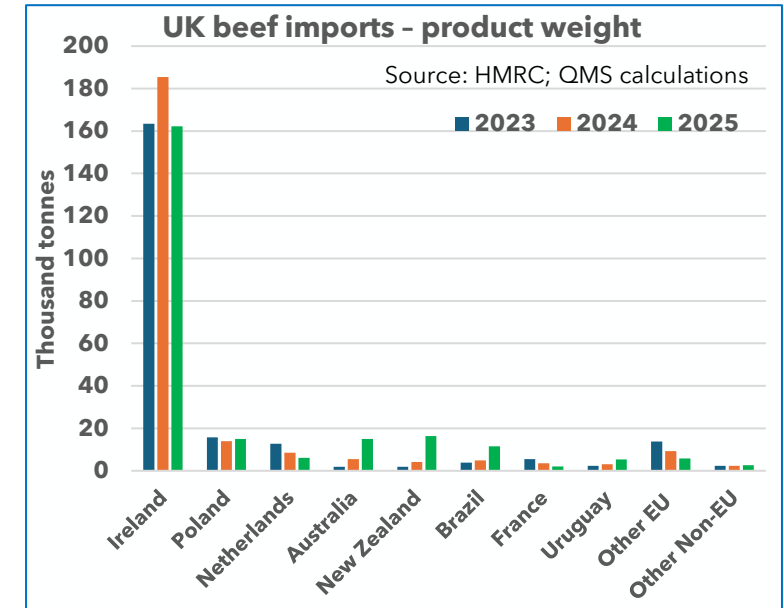
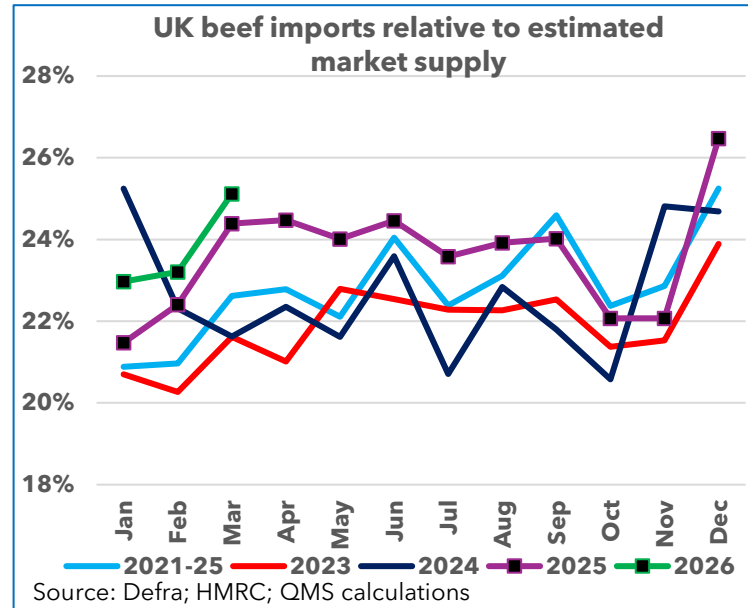
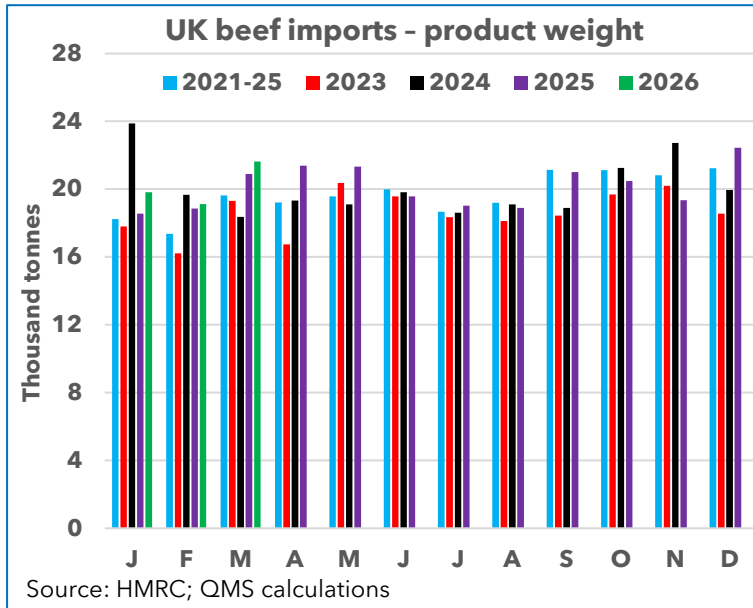
Non-EU import penetration appears to have steadied at close to 30% of UK beef imports, averaging 5,800t per month between July 2025 and February 2026. It will be interesting to see if a softening of EU beef prices in spring 2026 leads to any rebalancing back towards imports from the Irish Republic, especially in the autumn when Irish supplies tend to reach a seasonal peak. The monthly average import volume from non-EU markets in 2022 was only 800t, rising to 1,000t in 2023 and 1,700t in 2024. Non-EU imports reached 50,800t in 2025, up from 20,100t in 2024 and 12,200t in 2023.

There has been an interesting reduction in the average price of non-EU imports as volumes have increased, potentially signalling a shift in the balance of cuts/ market outlets, especially as farmgate prices rose in 2025 in Australia, NZ, Brazil and Uruguay. A further widening of the EU: non-EU average price gap developed in late-2025. The UK trade data only goes down to the eight-digit HS code level, which doesn't split down boneless product any further.

Note: beef trade data based on HS 0201 and 0202

UK international trade - imports

Slightly higher import volumes at the start of 2026 as elevated domestic and EU prices supported imports of highly competitively priced non-EU beef.



UK beef imports - top-ten suppliers based on 2025 (t)			
	2023	2024	2025
Irish Republic	163,414	185,371	162,227
New Zealand	1,828	4,111	16,357
Australia	1,905	5,516	15,010
Poland	15,759	13,952	14,961
Brazil	3,825	4,915	11,486
Netherlands	12,705	8,492	6,058
Uruguay	2,387	3,165	5,286
Spain	1,833	2,031	2,165
France	5,502	3,582	2,041
Argentina	373	776	1,308
Others	13,826	8,795	4,996
Overall total	223,355	240,705	241,897

Source: HMRC; QMS calculations

Despite a substantial increase in non-EU beef imports in 2025, the Irish Republic remained by far the largest supplier, accounting for 67% of deliveries. This was down from 77% in 2024 and 73% in 2023.

New Zealand came close to 7%, up from less than 2% in 2024 and under 1% in 2023, while Australia passed 6%, up from 2% in 2024 and under 1% in 2023. Poland edged over the 6% mark in 2025 but remained below its 7% share from 2023. Brazil approached 5%, up from around 2% in 2023 and 2024.

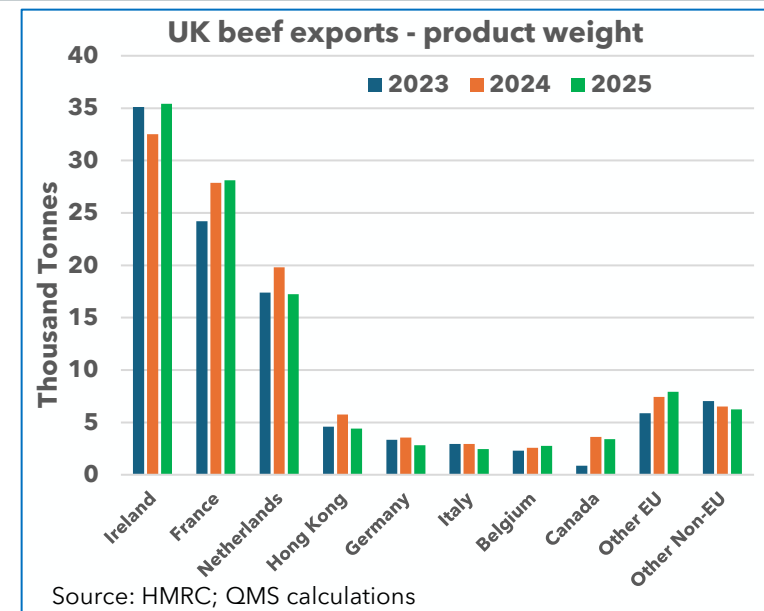
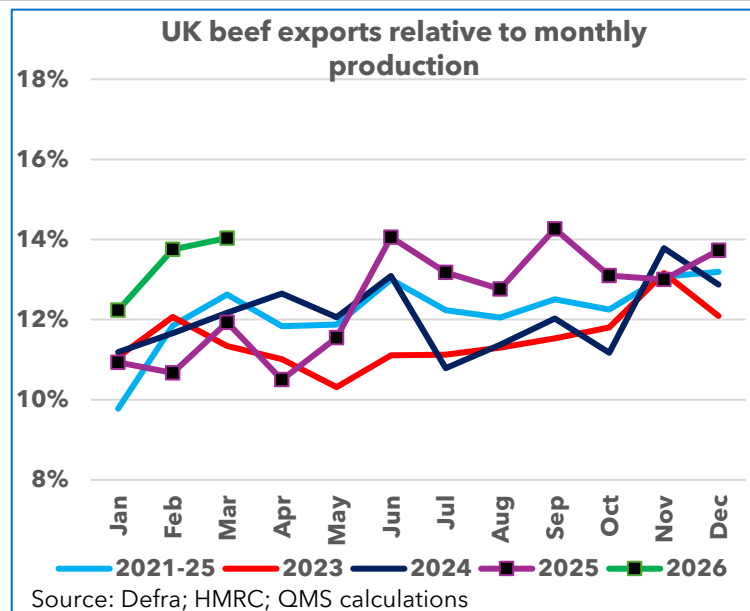
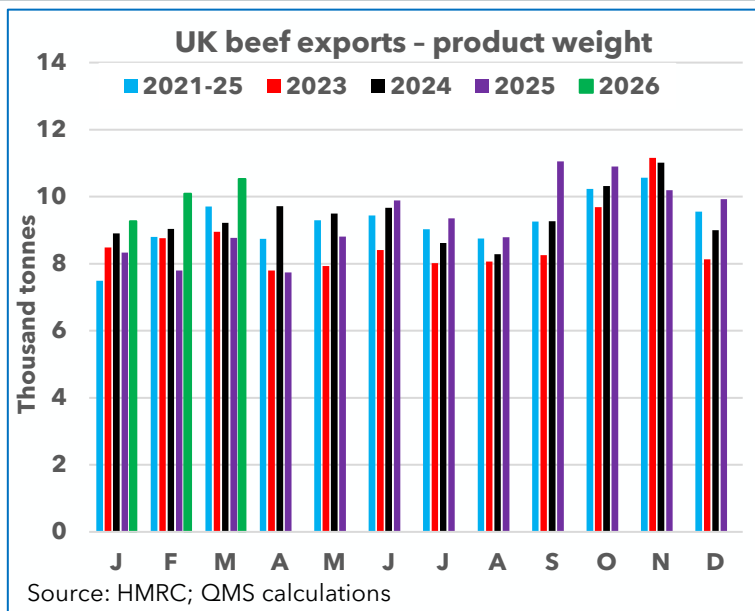
Overall imports were relatively stable in 2025, lifting 0.5% after an 8% increase in 2024. The overall split by category was similar to 2023 and 2024, meaning that trade in carcass weight equivalent rose (boneless beef multiplied by 1.36) by 1% in 2025 after an 8% rise in 2024.

In the opening two months of 2026, UK imports exceeded year-earlier levels by 4%, with higher volumes from non-EU countries more than offsetting a decline from EU sources. Increased import penetration signals a change in the composition of domestic demand.

Note: beef trade data based on HS 0201 and 0202; March 2026 trade data is estimated from historic trends

UK international trade - exports

A softer volume and changed composition of domestic demand coupled with lower Irish and EU beef production is likely to have boosted export activity at the start of 2026



UK beef exports - top-ten markets based on 2025 (t)			
	2023	2024	2025
Ireland	35,120	32,510	35,429
France	24,188	27,882	28,102
Netherlands	17,387	19,801	17,227
Hong Kong	4,585	5,740	4,393
Canada	869	3,626	3,409
Spain	1,501	2,256	3,275
Germany	3,334	3,543	2,830
Belgium	2,313	2,569	2,744
Italy	2,938	2,940	2,459
Sweden	1,662	1,794	2,176
Others	9,750	9,891	9,513
Overall total	103,647	112,553	111,557

Source: HMRC; QMS calculations

UK beef exports subtract supply from the domestic market and their monthly pattern in 2025 reflected the general strength of the market in reverse, being weak in the opening five months of the year, when the domestic market was extremely tight, before rebounding strongly as the volume of demand softened in the domestic market following the price surge. Exports then jumped 20% above year-earlier levels in the opening two months of 2026, reflecting a softer volume and changed composition of domestic demand, along with reduced Irish and overall EU beef output.

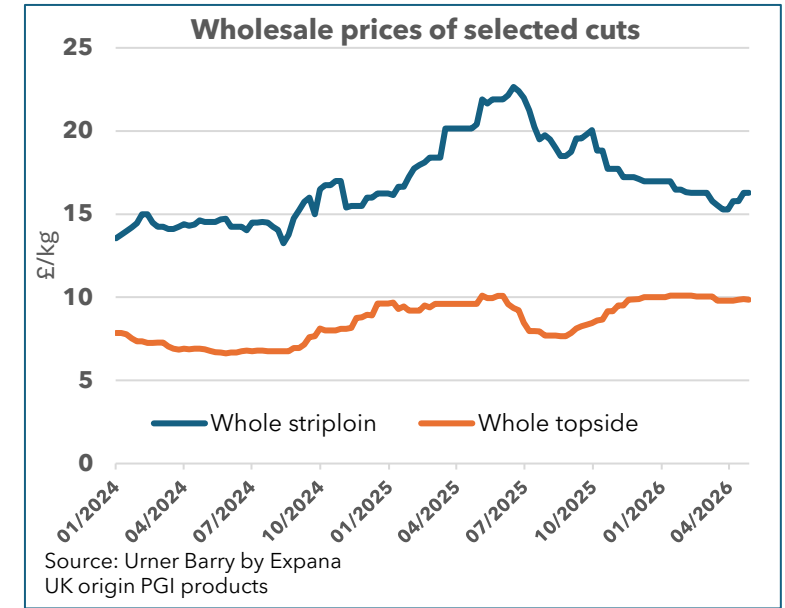
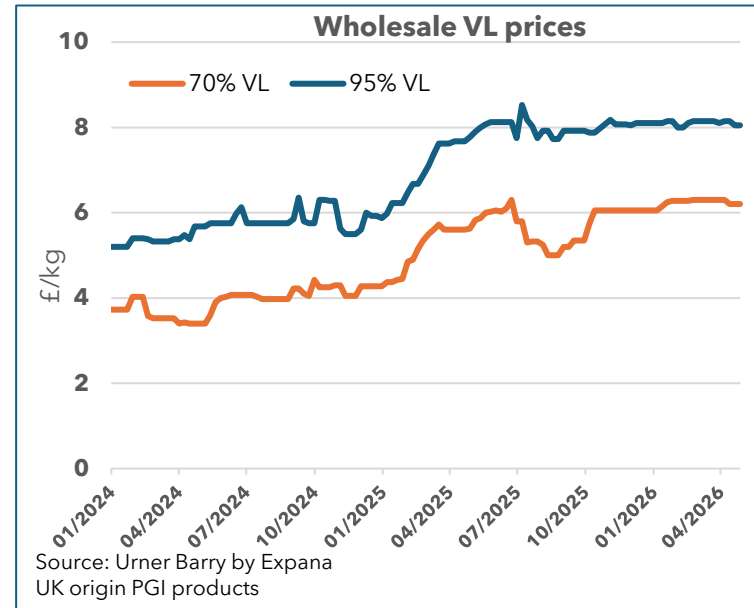
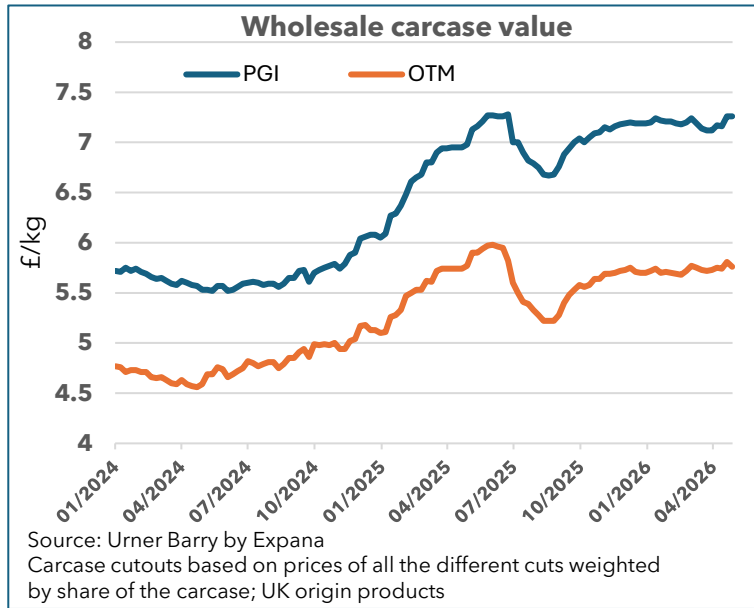
UK export volumes dipped by around 1% in 2025, after increasing more than 8.5% in 2024, but they held slightly above the five-year average. Exports slightly overperformed in carcase weight terms in both 2024 and 2025 as the balance moved further towards boneless beef, lifting by more than 9.5% in 2024 and then stabilising in 2025.

The Irish Republic increased its position as the main export destination in 2025, lifting to nearly 32% of the total compared to under 29% in 2024 as shipments rose by 9%. However, its share had been nearly 34% in 2023 on a marginally smaller volume than in 2025. There was also a slight increase of nearly 1% to France, ensuring its share edged above 25%, but the Netherlands fell by more than two percentage points to just under 15.5% as volumes declined by 13%. Other fallers included Hong Kong, Canada, Germany and Italy whereas there was strong growth into Spain and Sweden and more modest growth into Belgium.

Note: beef trade data based on HS 0201 and 0202; March trade data is estimated based on historic trends

UK wholesale beef market

Relatively stable overall, but some signs of a small rebound for higher value steaks after sharp declines in the second half of 2025 and start of 2026.



Following some downwards pressure in March, beef wholesale prices rebounded in April, but remain relatively stable overall. In April, there have been some signs of improved demand in higher value categories after significant declines in the second half of 2025 and start of 2026, though at the end of the month, higher fillet and striploin prices were offset by declines for rump and ribeye. Meanwhile, warmer weather resulted in some seasonal pressure on slow cooking and roasting cuts at the end of April.

Wholesale pricing continues to signal a shift in demand away from higher priced steaks towards more affordable options following the price surge of spring 2025. Increased penetration of highly competitively priced non-EU beef is also likely to have been a factor at play, with imported product often being higher end cuts offered at affordable price points, mainly in the foodservice sector, where higher labour costs have also been squeezing margins over the past year.

A step change higher in the market for 70% VL in the first quarter of 2026 highlights strength in the manufacturing beef market, although some of this dissipated after Easter.

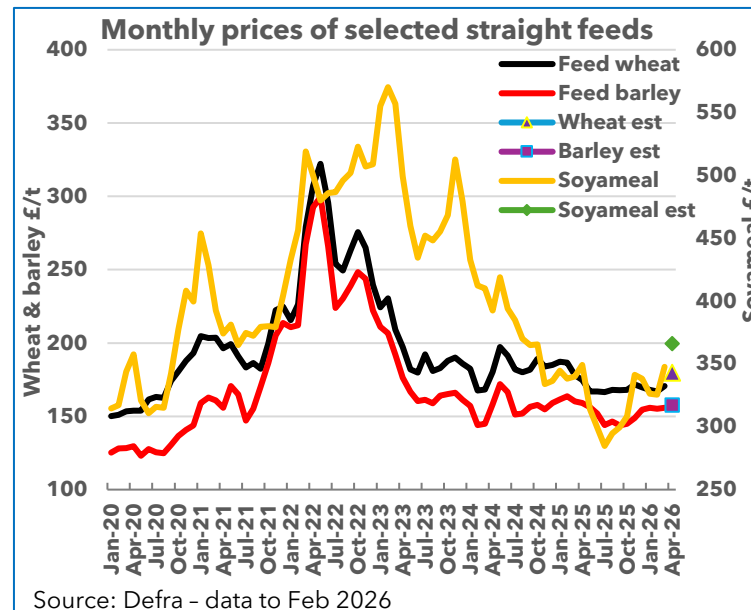
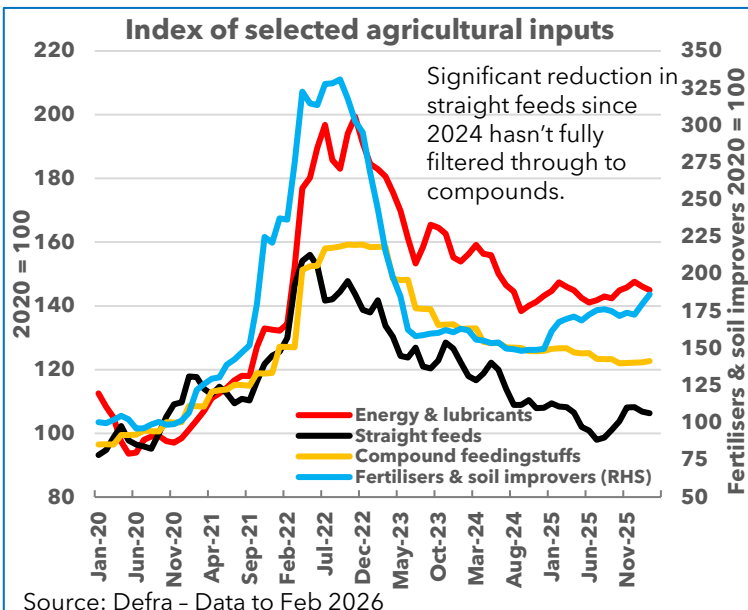
ECONOMIC DEVELOPMENTS



- In 2024 and 2025, geopolitical challenges had surprisingly limited impact on energy prices, but the US-Iran conflict has reduced global oil and gas supplies, pushing up energy, fuel and fertiliser prices, which will filter out across the economy as markets adjust, affecting businesses production costs and household finances. Some by-products, such as fats, may receive a boost from higher oil prices.
- Generally positive global crop prospects have ensured that grain and oilseeds prices remain relatively soft compared to recent years. However, there has been some upwards pressure in spring 2026 from concerns around drought in the US while increased biofuels demand has added to the upwards pressure from the demand-side.
- A soft year for sterling against the euro has boosted UK competitiveness in beef trade with the EU. By contrast, the pound has had stronger years against US and NZ dollars, adding to the downwards pressure on import prices for non-EU beef but providing some slight offsetting pressure to higher input costs.
- Spending on red meat continued to grow significantly into the spring, although increased consumer prices resulted in reduced sales volumes, mainly driven by the higher cost of beef. Poultry appears to have benefited most from substitution, but some cuts of lamb and pork may have received a boost due to elevated beef prices.
- A mixed economic picture remains, but with stronger downside risks. Sluggish private sector activity continued and retail sales rose significantly at the start of the year but the labour market is softening, and this may begin to impact household spending power as inflation rebounds in the coming months. Consumer and business confidence has fallen due to the conflict in the Middle East with concerns around the inflationary impact.

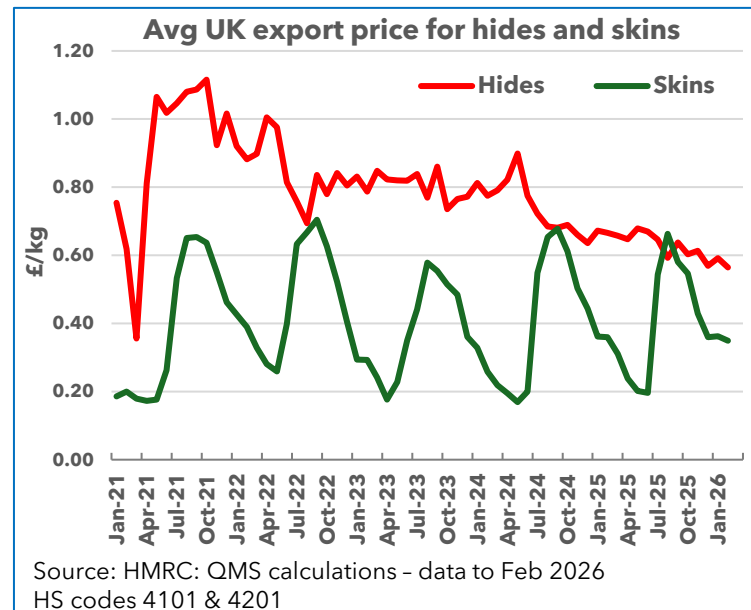
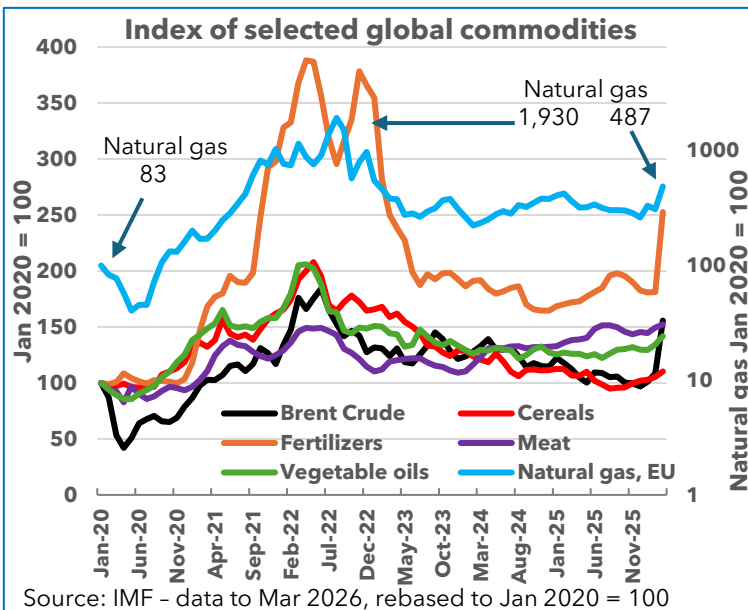
Production costs and by-product revenues

A supply shock caused by a new conflict in the Middle East has pushed up fuel and fertiliser prices in the short-term, raising production costs, with the impact likely to build over time. Hides and skin prices had a weak second half of 2025, but the latter have steadied at the start of 2026. Higher grain and oilseed prices reflect concerns around a US drought and increased demand for biofuels.



Energy markets spent much of 2025 relatively insulated from geopolitical issues, with strong global supply keeping oil prices on a downward trend. In 2026, this has changed dramatically with the US-Iran conflict, which has triggered a major energy and fertiliser supply shock, rapidly increasing prices to levels last seen in 2022 with the Russia-Ukraine war. The impact of increased energy prices on production costs will build over time as contracts are renegotiated. More positively for the supply chain, higher oil prices should feed through to higher values for some by-products, particularly for fats.

Generally positive global harvest prospects have ensured that cereal and oilseed prices remain relatively soft. However, there has been some concern around crop prospects in the US due to dry weather, while potential substitution away from fossil fuels to biofuels has added some demand-side pressure to oilseeds.

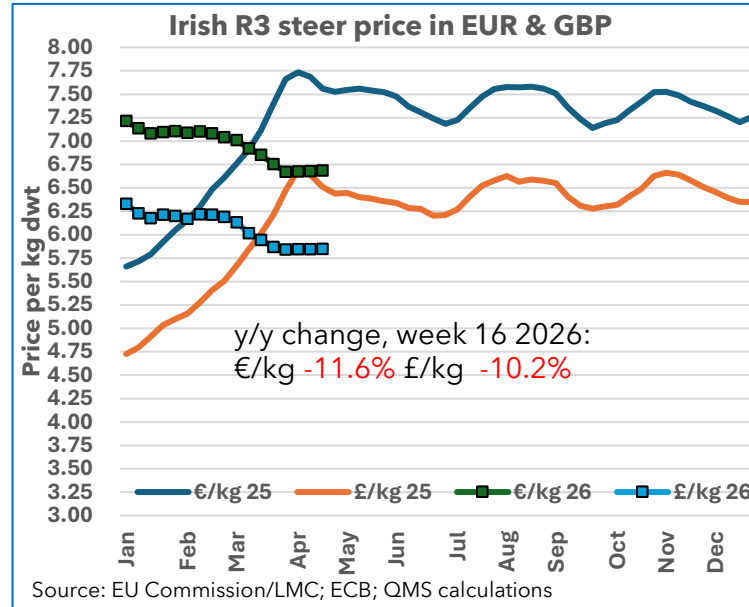
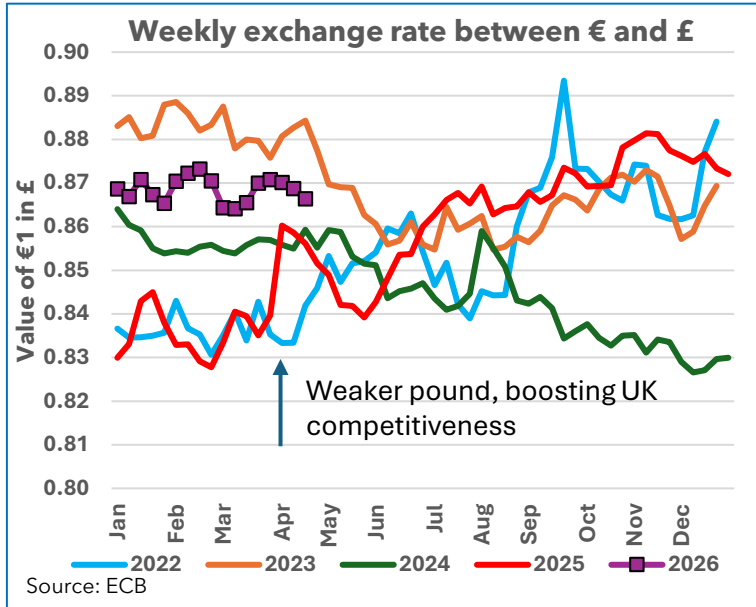


A soft US dollar placed downwards pressure on the cost of many imported commodities when converted back into sterling in 2025, and this continued into 2026.

UK hide export prices softened significantly after reaching a two-year high in May 2024 and then settled at a new level for nearly a year. They then took another step lower in July 2025, potentially as a result of challenges in the car production supply chain, but prices have continued to drift lower into 2026. For sheepskins, after a strong year between mid-2024 and mid-2025, prices had then dropped 20% behind year-earlier levels by December. However, they opened 2026 in line with early 2025 levels.

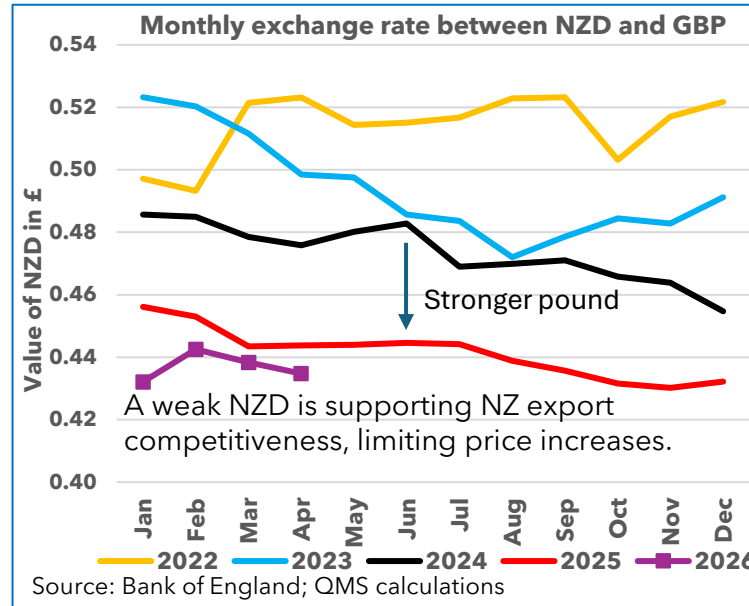
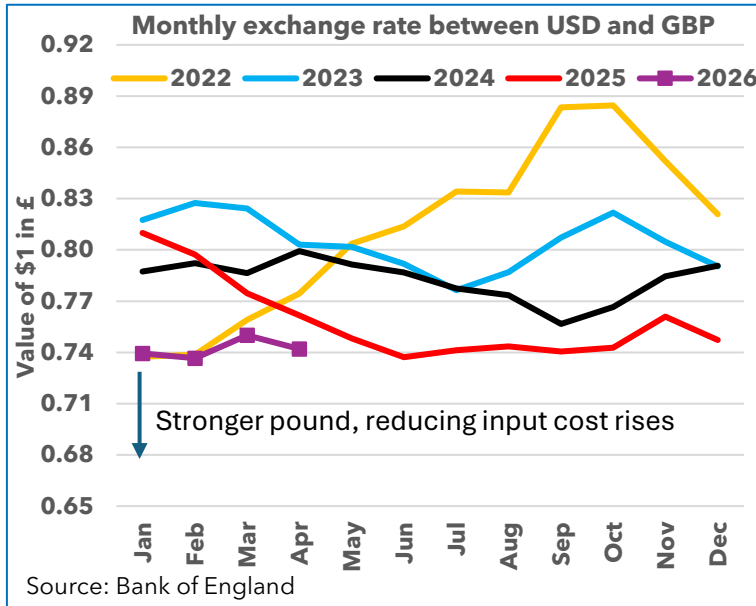
Exchange Rate Movements

A soft year for sterling against the euro has boosted UK competitiveness in red meat trade with the EU. By contrast, the pound has had stronger years against US and NZ dollars, pressuring import prices for non-EU meat and providing some slight offsetting pressure to higher input costs.



After trending weaker for most of 2025, the exchange rate between sterling and the euro has shown a more stable trend in 2026, settling slightly firmer than in late-2025, with a euro worth around 87p. Some of this support has come from expectations that UK interest rates will now edge back higher in 2026 due to the oil and gas price shock, having previously been expected to decline due to falling inflation and pay growth.

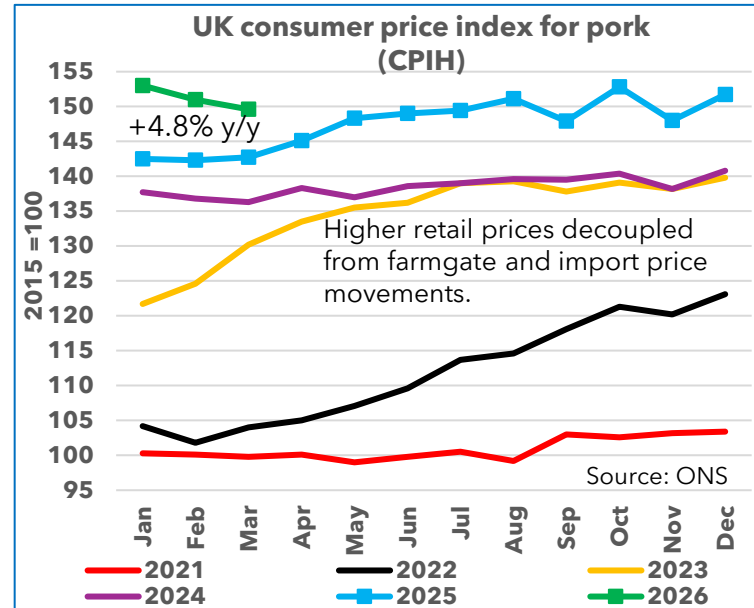
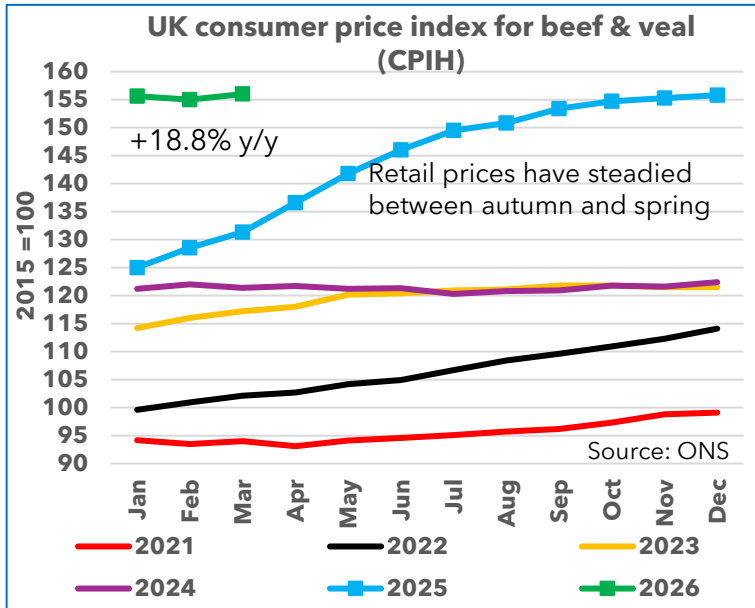
After weakening towards the end of 2025 against the US dollar, the pound has settled down, back to around its mid-2025 level. There is significant political pressure in the US towards lowering interest rates and there has been a change in Federal Reserve Governor as a result. In previous times of geopolitical challenges, the US dollar has often risen from 'safe-haven' status, but there is little evidence of this in 2026.



A fall against the euro and rise against the US dollar is generally positive for the domestic red meat sector, potentially boosting competitiveness across the majority of red meat trade while lowering input cost pressures. However, a rise against the NZ and US dollars will have added to the price competitiveness of imported beef from outside the EU. Australia's currency has however firmed against the pound over the past year.

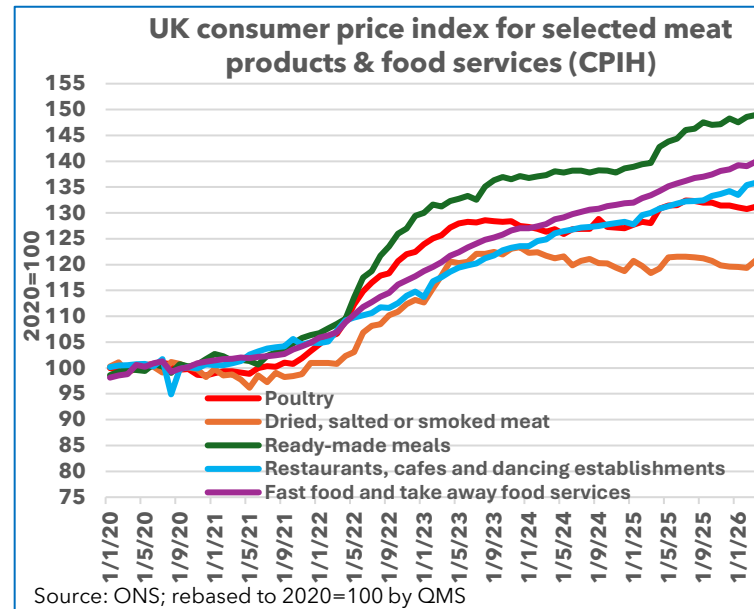
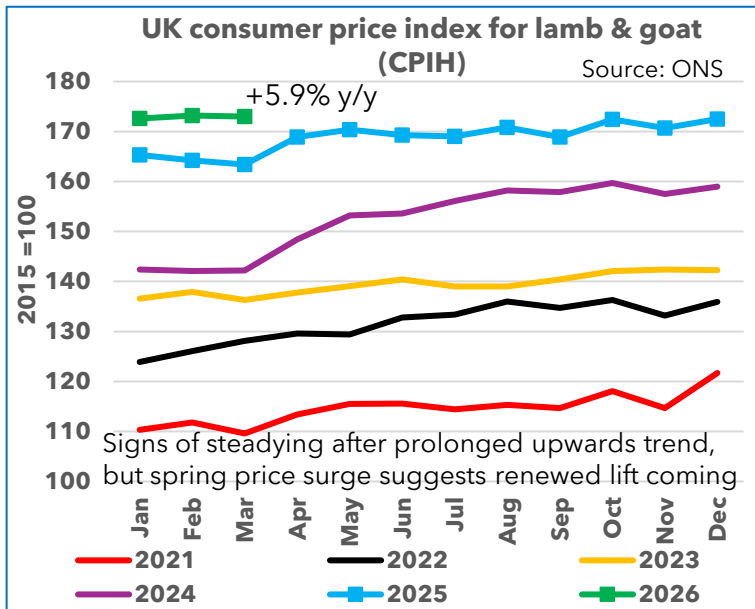
Consumer demand and prices

Consumer spending on meat continues to outpace general spending on groceries, reflecting strong demand and price inflation.



Retail spending remains firm overall with wage increases of close to 4% continuing to support the value of red meat sales, which have continued out-pacing the overall grocery market.

Inflation continues to restrict beef sales volumes, but prices are steadying now that farmgate prices have cooled, and there could be some scope for discounting to boost sales. Lamb and pork consumer pricing trends have been relatively stable for close to a year after taking a step higher in spring 2025. A surge in farmgate lamb prices could start another round of lamb retail price inflation, whereas lower farmgate pig prices could allow some room for lower pork prices to support sales. Poultry is seeing significant volume growth, benefiting from being a substitute for beef. Poultry prices have remained elevated while farmgate prices have fallen back after spiking in 2022/23. In the red meat retail category, fresh value-added products have been selling better than fresh cuts.



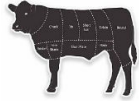
The long-term upwards pricing trend in the foodservice sector has continued, likely reflecting significant employment cost pressures. Year-on-year price increases are hovering around the 4.5-5% level.

GB retail sales, 12 weeks to 19/4/26, year-on-year changes			
	Value	Volume	Avg price per kilo
Fresh red meat	+4.8%	-2.8%	+7.8%
Fresh poultry	+6.1%	+2.9%	+3.1%
Total grocery market	+3.2%	-0.2%	+3.3%

Source: Worldpanel by Numerator

Retail demand and prices

Retail demand for red meat continues to look positive in GB from a spend perspective. Beef retail price inflation has continued to squeeze sales volumes and may have boosted the volume of demand for some cuts of lamb and pork which are competitively priced substitutes.



BEEF

12 weeks to 22nd March 2026



LAMB

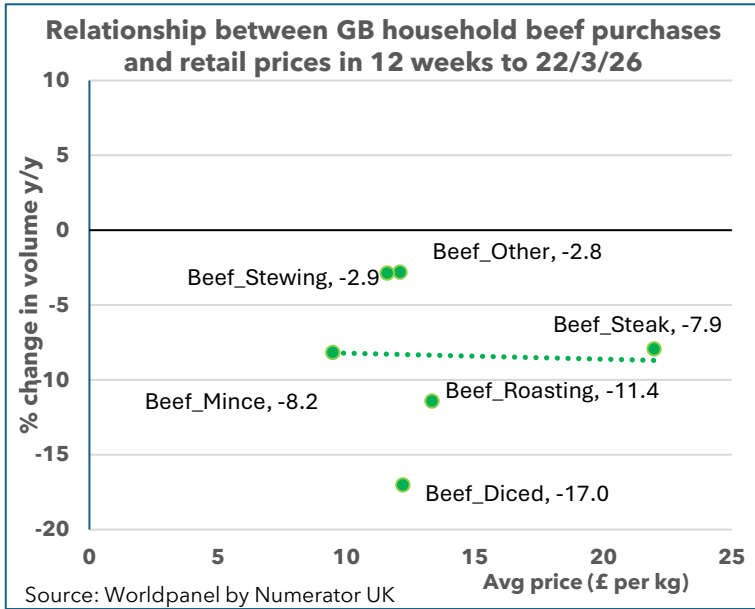
12 weeks to 22nd March 2026



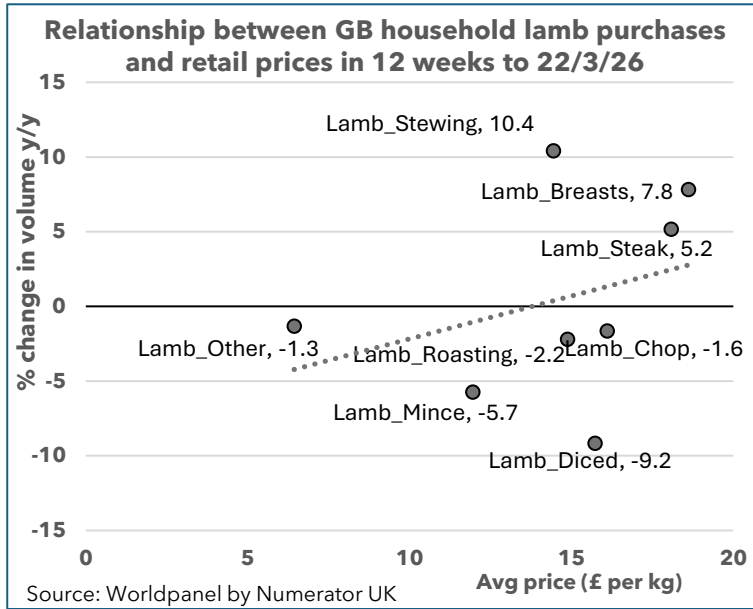
PORK

12 weeks to 22nd March 2026

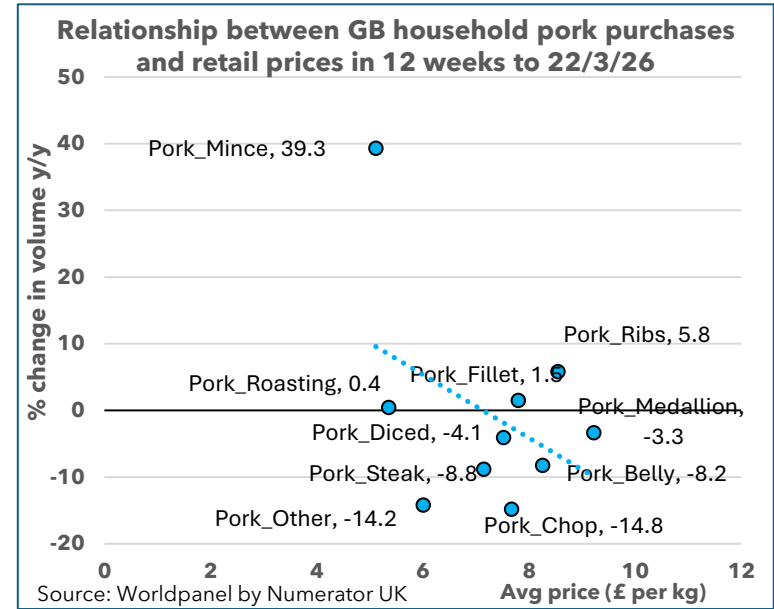
	GB		Scotland		GB		Scotland		GB		Scotland	
	Actual	% change y/y	Actual	% change y/y	Actual	% change y/y	Actual	% change y/y	Actual	% change y/y	Actual	% change y/y
Value (£m)	686.6	9.9%	64.6	15.1%	124.6	9.1%	7.4	21.4%	212.6	1.2%	12.3	-7.1%
Volume (t)	55,658	-9.1%	5,076	-4.2%	8,737	-2.0%	486	4.1%	33,324	0.5%	1,898	-5.6%
Avg price (£/kg)	12.34	20.9%	12.72	20.1%	14.26	11.4%	15.26	16.6%	6.38	0.7%	6.46	-1.6%
Penetration*	66.6%	-2.7%	68.8%	-1.7%	21.3%	-4.0%	16.6%	11.9%	42.5%	-1.7%	37.0%	1.2%
Frequency**	4.5	-4.0%	4.3	-4.3%	2.3	-0.5%	2.2	-1.9%	3.1	1.5%	2.5	-8.9%



Most cuts seeing sales volumes squeezed by elevated retail prices.



Lamb steak demand may have seen a boost from substitution away from beef.



Strength of pork mince sales could reflect beef mince inflation, with pork mince just over half the price of beef mince.

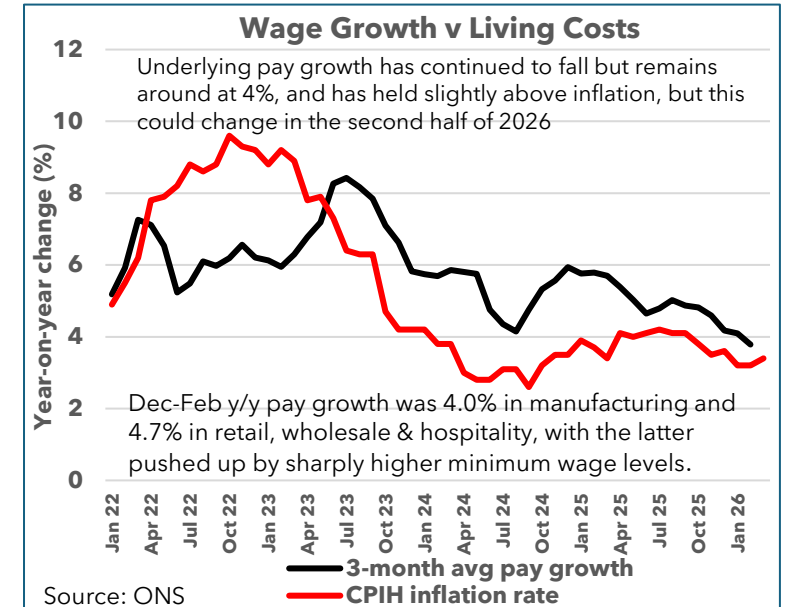
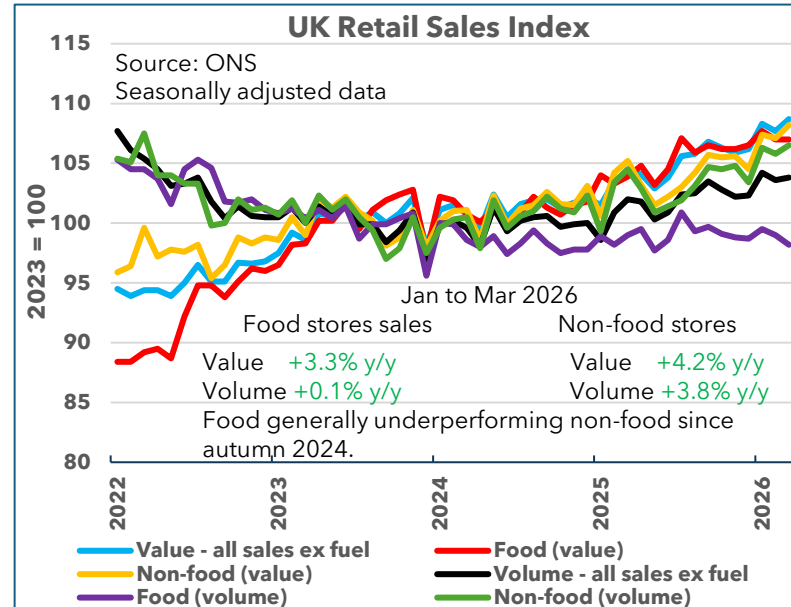
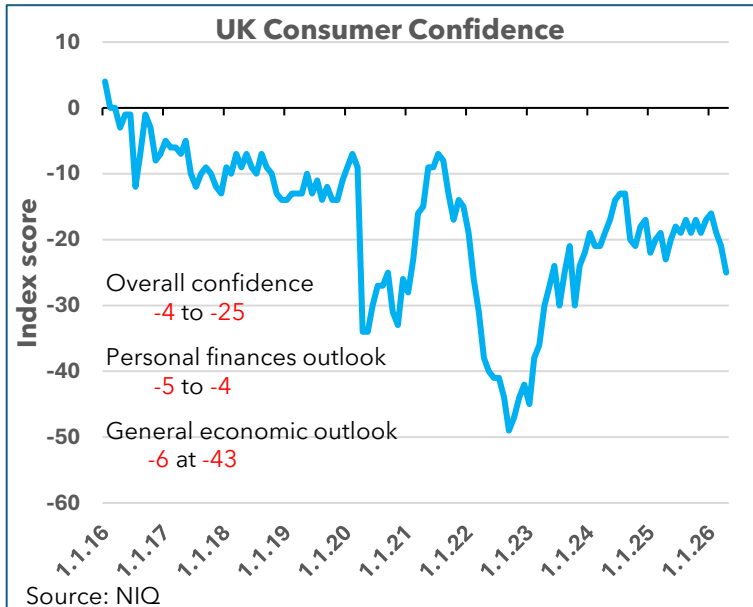
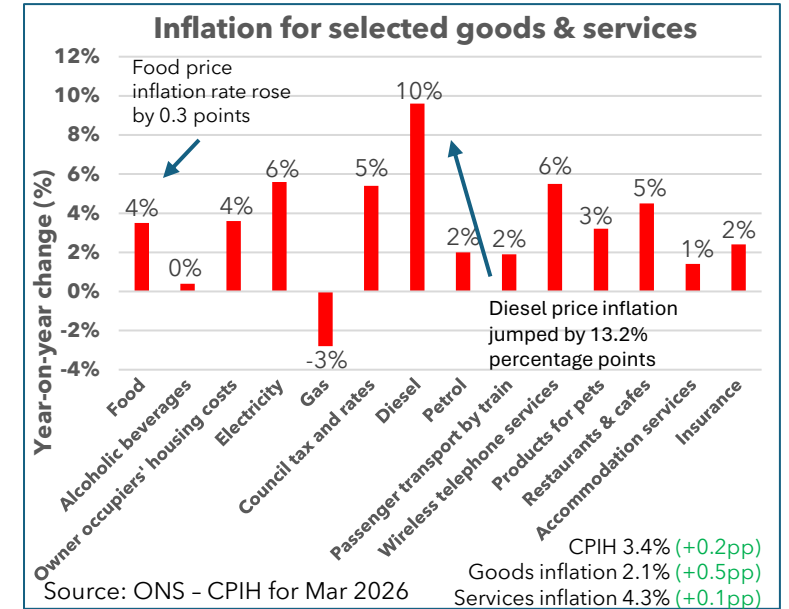
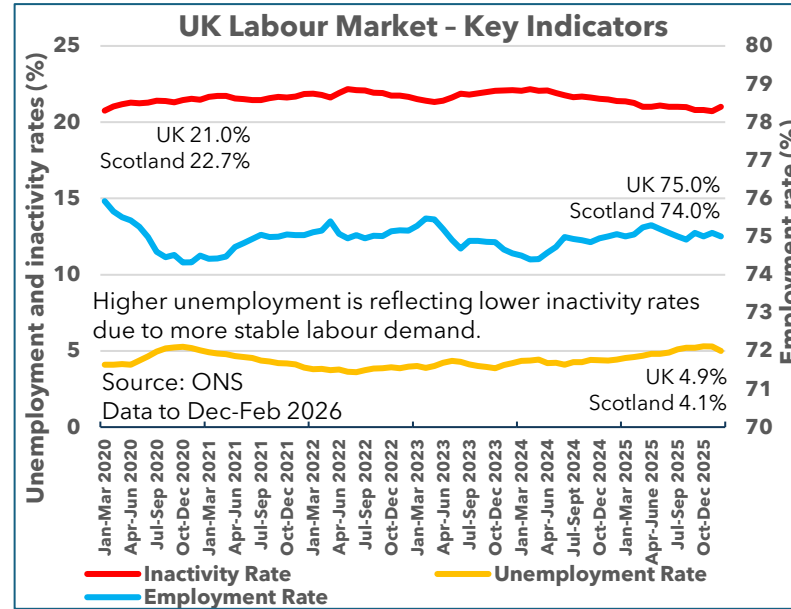
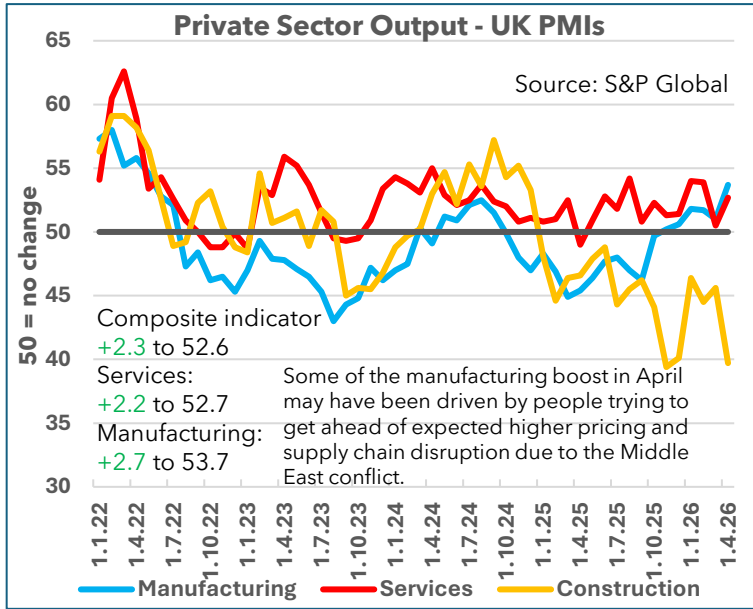
Source: Worldpanel by Numerator UK; data covers sales of fresh and frozen unprocessed red meat; please note that sales data for Scotland can be volatile due to the limited sample size

*Penetration % - Number of households/individuals that bought at least once in the time period as a percentage of total households/individuals.

**Frequency - Average number of purchase trips per buyer in the time period.

Economic indicators

A mixed economic picture remains, with sluggish private sector activity growth continuing and retail sales rising but, the labour market is softening, and this may begin to impact household spending power as inflation rebounds in the coming months. Consumer confidence dipped more significantly in April.



Scotch Beef UKGI is whole chain assured beef from Scotland

Scotch Beef UKGI is from specific animals that are sourced from selected Scottish farms which adopt best practice that includes high standards of animal welfare and natural production methods.



Scotch Lamb UKGI is whole chain assured lamb from Scotland

When you see the Scotch Lamb UKGI logo, you can be confident that the lamb was born, reared and processed in Scotland and that it holds whole life quality assurance from farm to fork.



Specially Selected Pork is assured pork from Scotland

Specially Selected Pork is from animals that are sourced from selected farms that adopt best practice. Specially Selected Pork is approved by The Scottish SPCA, who independently inspect farms and processors.

