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QMS Lamb Market Update, Q2 2026

Purpose:
To provide an update on the key industry and economic factors driving the lamb market in Scotland

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Sheep Market

Summary of Market Developments

- Having held firm for around a fortnight after the Eid al-Adha festival at the end of May, lamb prices began to show their traditional seasonal decline from around mid-June.
- Lamb prices are estimated to have fallen to just under £3.80/kg lwt in the first week of July at Scottish marts, which would still be around 6.5% above year-earlier levels, when the seasonal decline was unusually weak, and nearly 25% above the five-year average, highlighting the continuing strength of the lamb market.
- Lamb prices have remained historically high for the time of year despite new season lamb throughput at Scottish auctions running well above 2025 levels and ahead of the five-year average. However, overall lamb availability has been tighter than last year due to this year's hoggs being marketed earlier.
- External factors remain bullish, with UK export volumes rising another 12% in the first third of 2026, and at higher prices, while imports were more stable. Meanwhile, a strong global lamb market and production constraints have supported Southern Hemisphere pricing, pushing up UK import prices significantly this year.
- Overall UK lamb market supply is estimated to have been similar to last year in the first five months of 2026, with increased production (supported by heavier carcase weights) offset by higher export volumes while imports were relatively flat. Given this context, elevated pricing signals that demand has remained supportive this year.

Market Outlook

- Based on the five-year average pricing trend, lamb prices tend to fall by more than 35% between their new season high and autumn low point. If this was to be repeated in 2026, the price floor could be about £3/kg lwt. However, not every year is the same, as was demonstrated in 2025, where the autumn low was only 20% down on the new season high, whereas this year prices have already fallen 20% from the new season peak by the first week of July.

Report Category	Basis	Average price or volume	Change on week	Change over four weeks	Change on year	Change on 5-year avg
Old season SQQ lamb price at Scottish auctions	p/kg lwt, w/e 01 July	403.56p/kg	-19.24p	-12.8%	+17.4%	+32.9%
New + old season lamb marketings, Scottish auctions	Average in four weeks to 01 July, head	8,780		-42.3%	+4.7%	-4.7%
Lamb slaughter at GB abattoirs	Total between March and May 2026, million head	2.773m			+0.4%	+1.4%
UK sheepmeat market supply	Tonnes in March to May 2026 (estimate)	65,700			-0.5%	+2.0%

Market Outlook (continued)

- Lamb numbers are set to increase significantly from their seasonal lows through July and into August, with the build towards an autumn high then likely to happen at a slower pace. Due to last year's slow marketing pattern, there is the potential for numbers to continue looking elevated throughout the autumn. It is too early to tell how good a lamb crop we have this year, but a small increase in the breeding flock at the end of the year could at least point towards a similar level to last year even if lambing rates haven't been as high.
- While domestic demand has been strong, there is a risk that sales volumes could come under some pressure if higher farmgate prices pass through to consumer prices, although lamb is more of a niche product with a lower degree of price sensitivity than beef.
- Externally, imports are seasonally lower in the second half and volumes could struggle to match last year's levels given a slowdown in Southern Hemisphere production. Import prices are set to remain elevated due to sluggish availability and firm demand. On the export side, a tight EU market is set to provide continuing support to UK exports.

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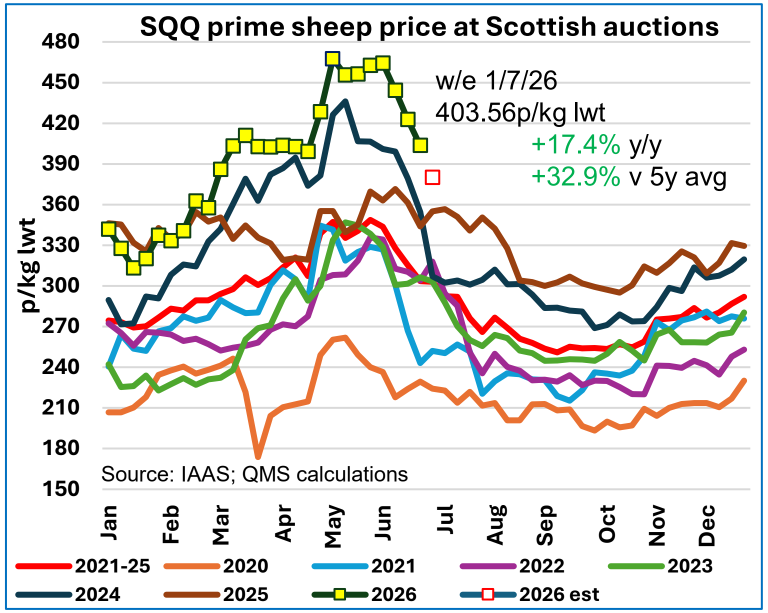
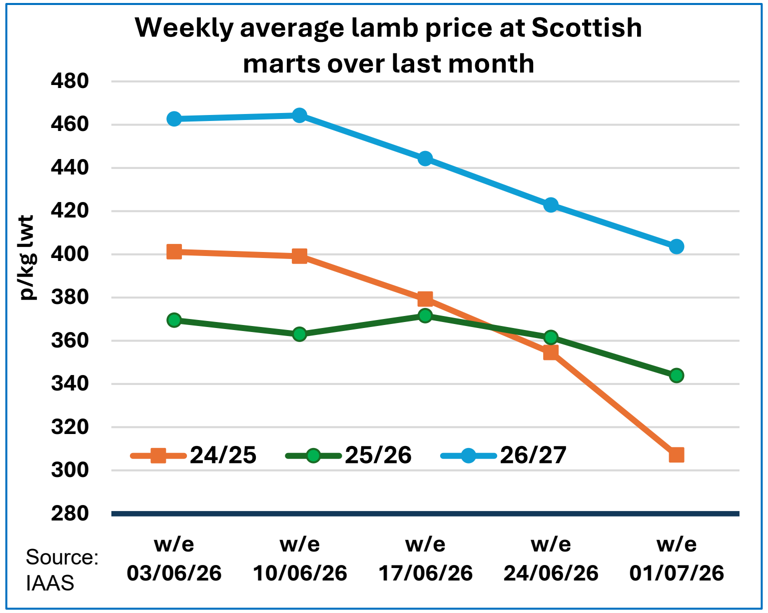
Farmgate prices – prime sheep

Lamb prices have started to decline seasonally but remain historically high for the time of year

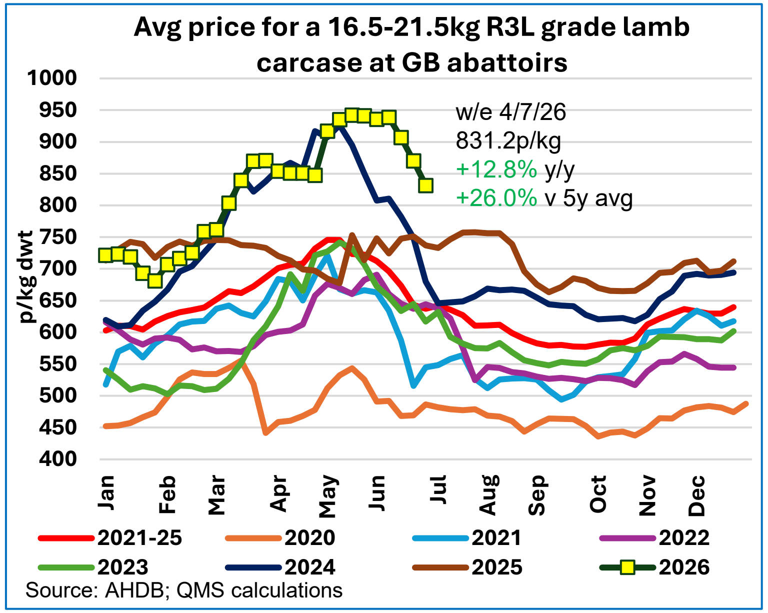


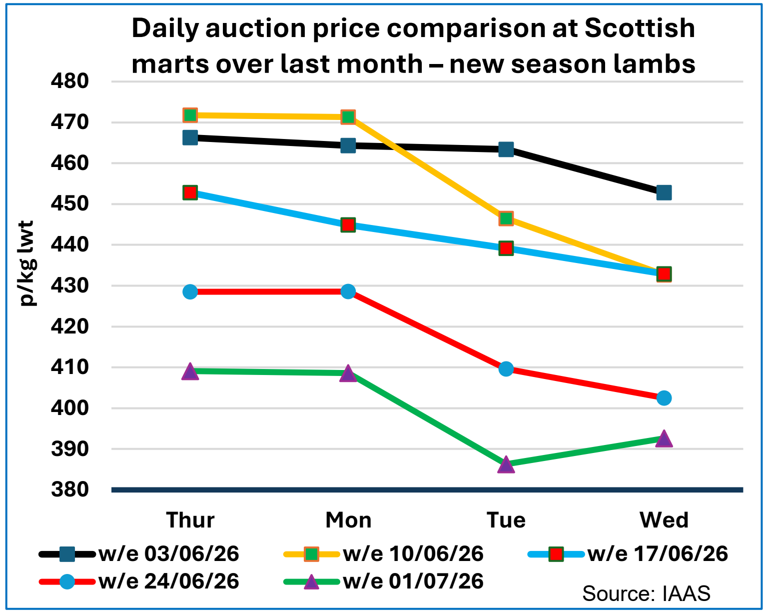


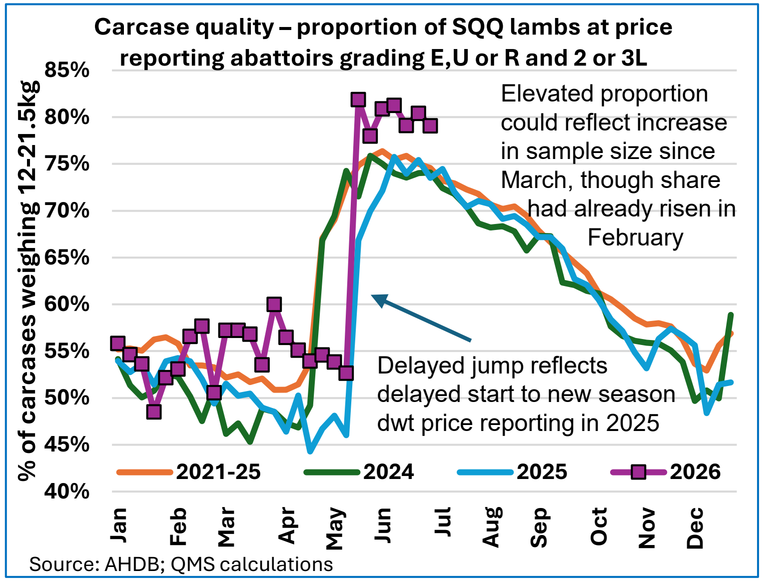
Having held firm for around a fortnight after the Eid al-Adha festival at the end of May, lamb prices began to show a seasonal decline in mid-June. At Scottish marts, prices still held above the £4/kg threshold in the final week of the month but are expected to have averaged just under 380p/kg in the first week of July. Nevertheless, prices remain historically high for the time of year, holding around 25% above the five-year average. The year-on-year increase is expected to have softened to about 6.5% in the first week of July, reflecting an unusually weak seasonal downturn last year.

In 2025, prices had a more subdued new season spike, with ample availability of hoggs weighing on overall market values, followed by a slow seasonal reduction. The autumn 2025 low point was only around 20% below the new season peak compared to a five-year average reduction of more than 35%. In the first week of July, prices are expected to average about 20% below the new season high. Setting the May 2026 high point against the five-year average pattern suggests an autumn 2026 low point of around £3/kg but, as was demonstrated last year, pricing patterns can vary significantly.

GB deadweight prices have shown a very similar trend to the Scottish auction trade, holding firm into June before falling significantly. It should be noted that lamb deadweight price reporting is now mandatory in GB (for abattoirs above a threshold kill level) and AHDB began publishing the larger sample size at the start of March. Increased carcase quality may have supported prices this year.



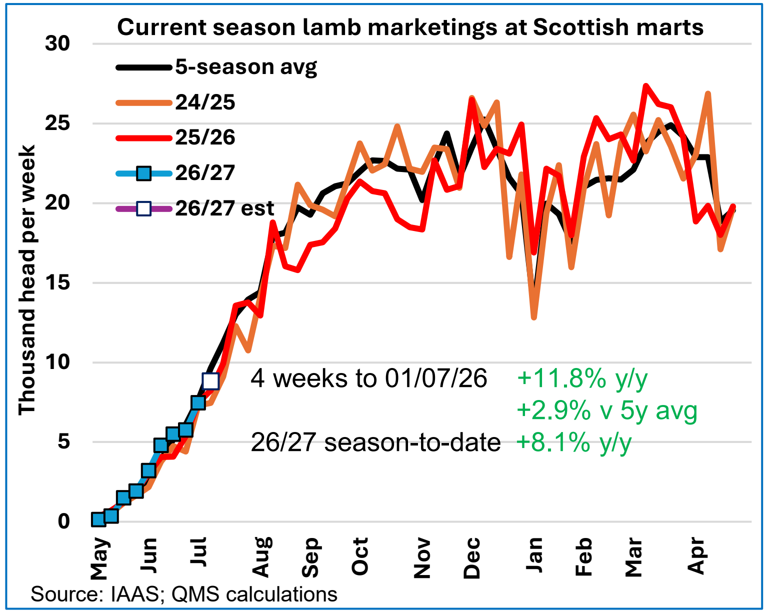


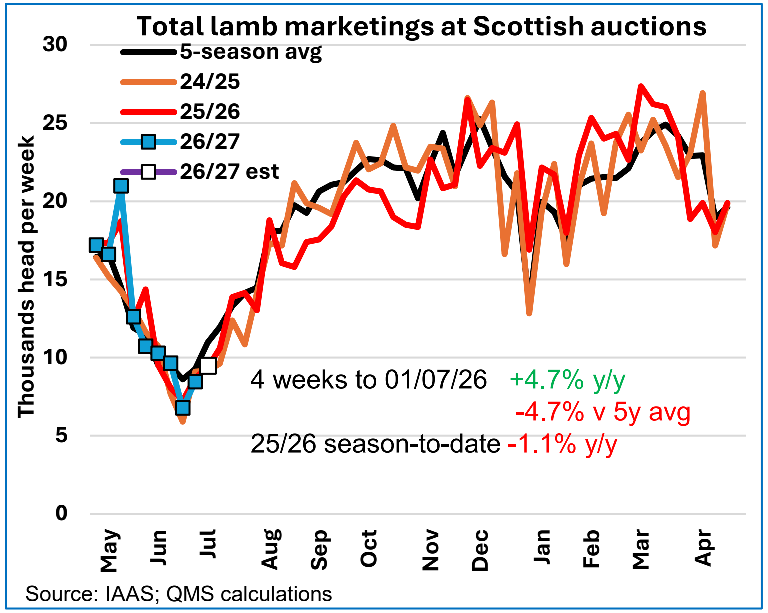


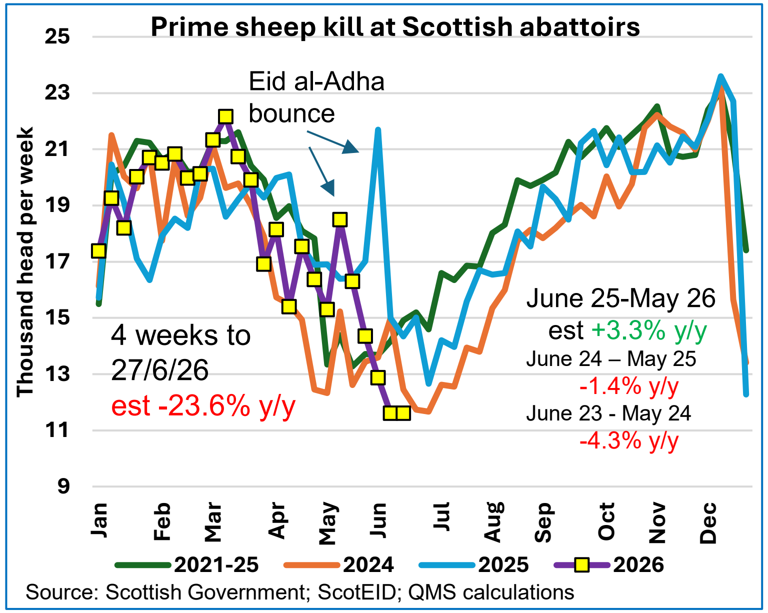
Charts based on old season lamb prices from January to April and new season lambs from May to December; mandatory price reporting since March 2026

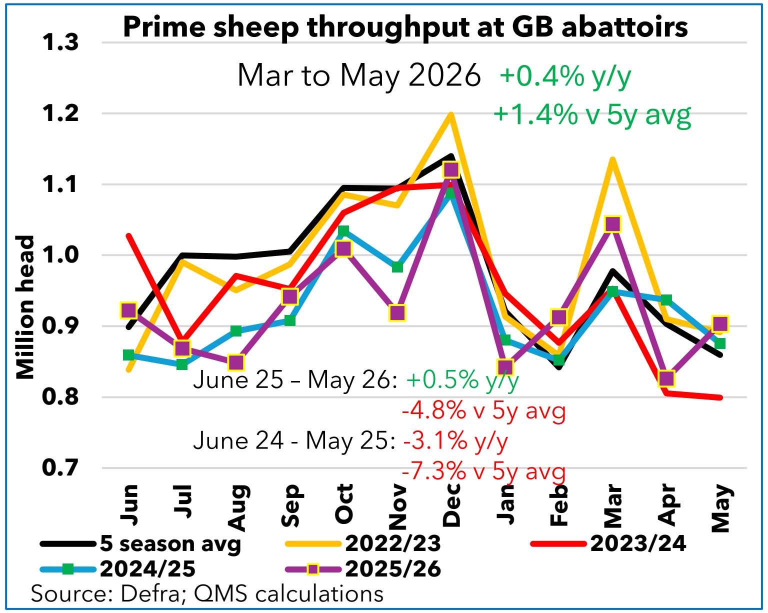
Availability and slaughter

New season lamb supplies have been building but are still at less than half of their likely weekly average through the autumn. December inventories point to a slightly increased flock in Scotland but towards a further reduction in England.









New season lamb supplies have been building well so far at Scottish marts, but they have still only reached around half of their likely autumn weekly average. Numbers have been running well ahead of 2025 and above the five-year average, suggesting that we could have a good lamb crop, although it is too early to tell.

However, there has been a lower availability of hoggs, keeping overall supply relatively tight. While we had a high carryover of hoggs into 2026, they reached the market in the first quarter before tightening significantly after Easter, unlike last year, when hoggs supplies had showed a much softer seasonal reduction after Easter.

At GB level, prime sheep slaughter ran at a similar level to last year through the spring according to Defra slaughter statistics. over the 2025/26 lamb crop year, numbers held up better than signalled by the combined June 2025 census results from across GB, suggesting that firm pricing drew out additional stock.

Looking ahead further into the new season, December inventory results from Scotland pointed to a slightly stronger breeding flock, with sheep numbers around 1% higher, whereas further tightness was signalled by England's results, with a 2% decline reported. Relatively small changes signal that lambing rates will be key.

Latest Census Results – Scotland, England & Wales (% change y/y)

June 2025 – Scotland, England and Wales

	Sco v 2024	Eng v 2024	Wal v 2024
Ewes for further breeding & slaughter	+0.7%	-3.4% y/y	+1.3%*
New season lambs	+1.0%	-5.3% y/y	-0.7%

Source: Defra; Scottish Government; Welsh Government; QMS calculations
*Unofficial figure - sources in Wales highlight error with published result

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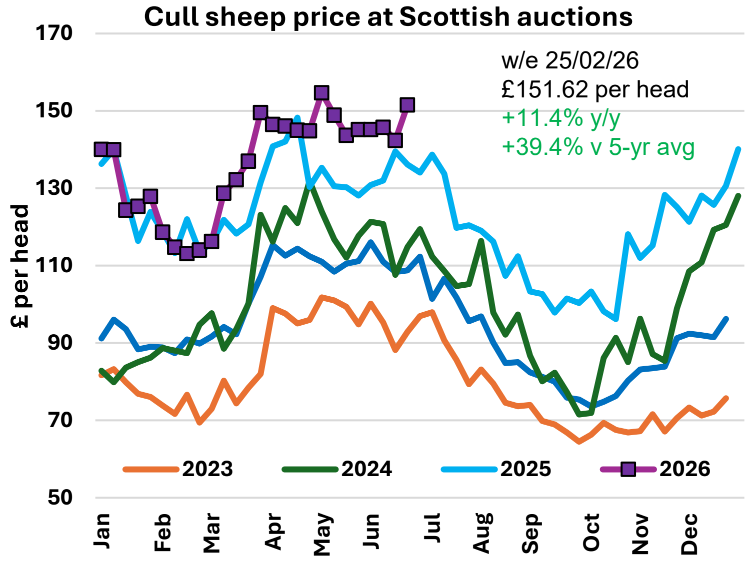
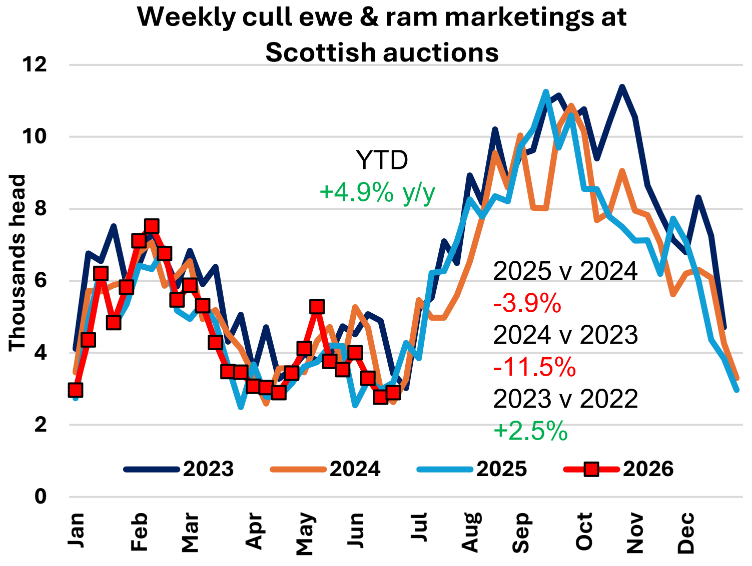
Cull sheep market

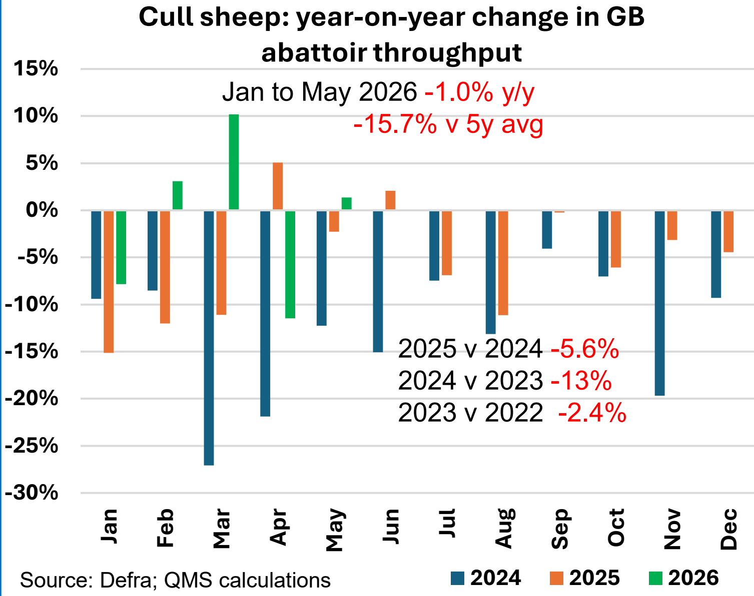
Seasonally low supply continued to support ewe pricing in June after the market boost from Eid al-Adha in May. However, availability for slaughter is set to undergo a significant seasonal upswing in the coming weeks.



Source: IAAS; QMS calculations



Source: IAAS; QMS calculations



Source: Defra; QMS calculations

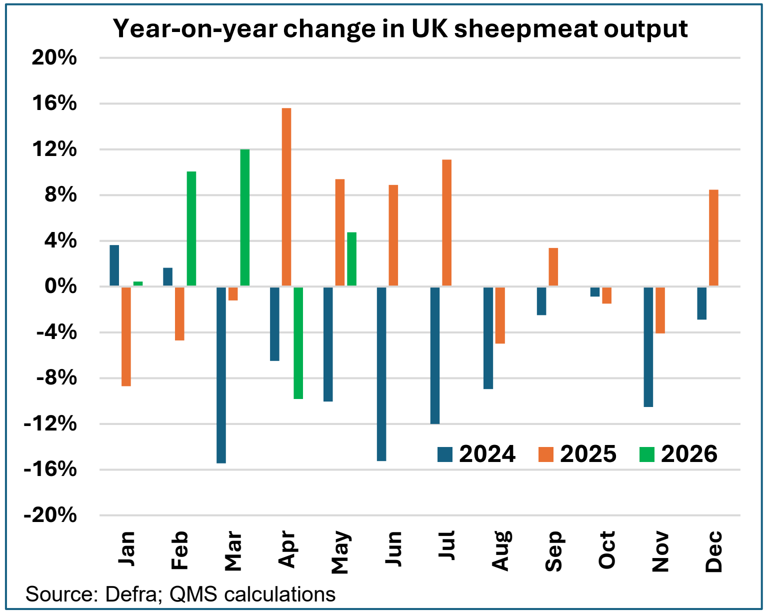
Seasonally low availability for slaughter continued to support ewe prices in June after the market boost in May from Eid al-Adha. The generally tight lamb market balance, driven by factors like firm export demand and demographic change, is also likely to have continued to underpin the market.

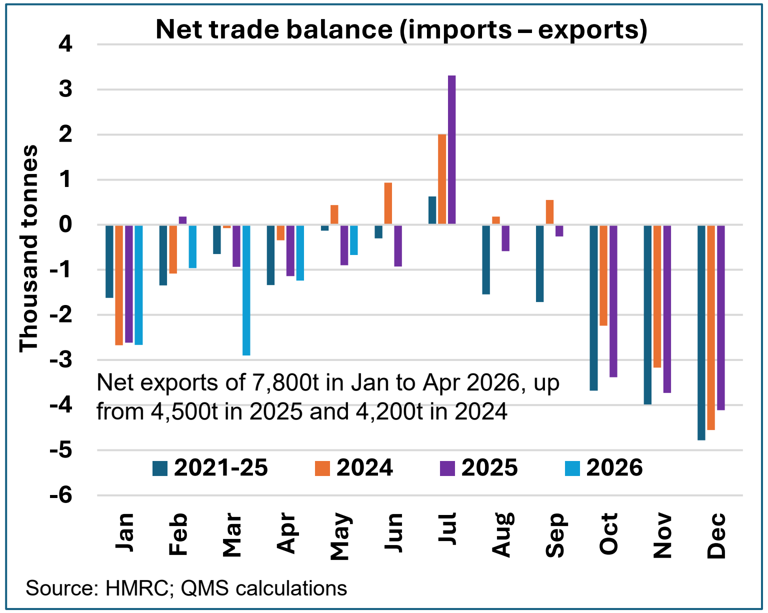
Defra slaughter statistics point to another year of declining ewe slaughter in GB this year, reflecting a contracting sheep flock. However, the limited pace of reduction, may suggest that high prices have been drawing out stock rather than leading to additional retentions.

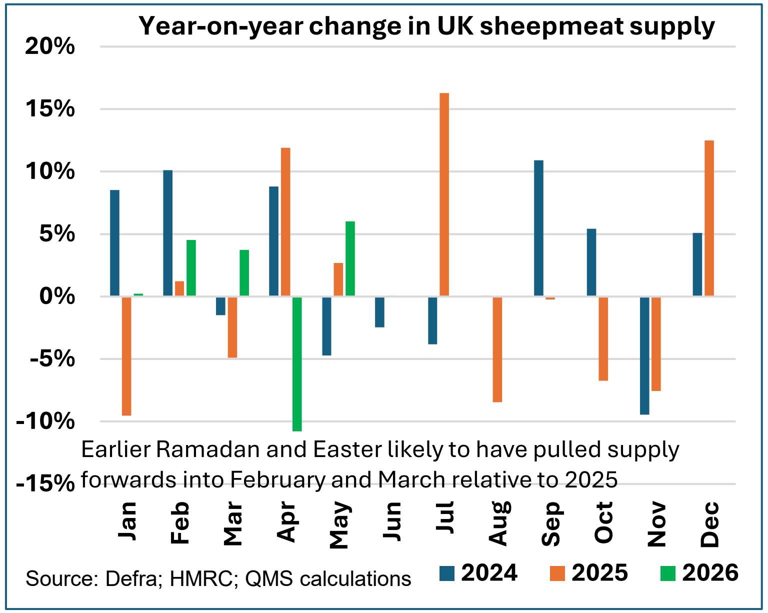
Based on historic trends, we are at the end of the seasonally low ewe supply period, so numbers should begin to lift significantly through July, with the potential for some downwards pressure on prices. However, given the generally strong market environment, prices seem likely to remain historically firm. Cull ewe auction volumes have surprised on the upside so far this year, so it remains to be seen whether firm market conditions will support a move towards flock rebuilding or will continue boosting cash flows in the second half.

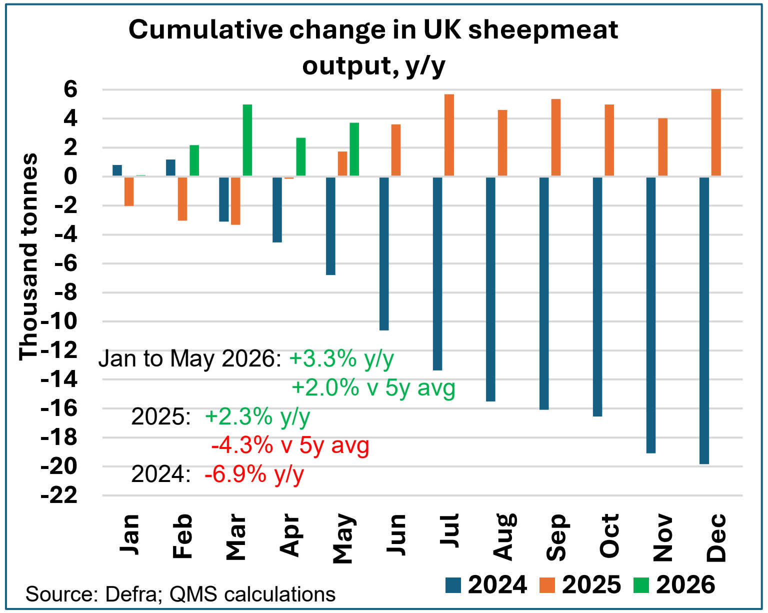
UK sheep market supply

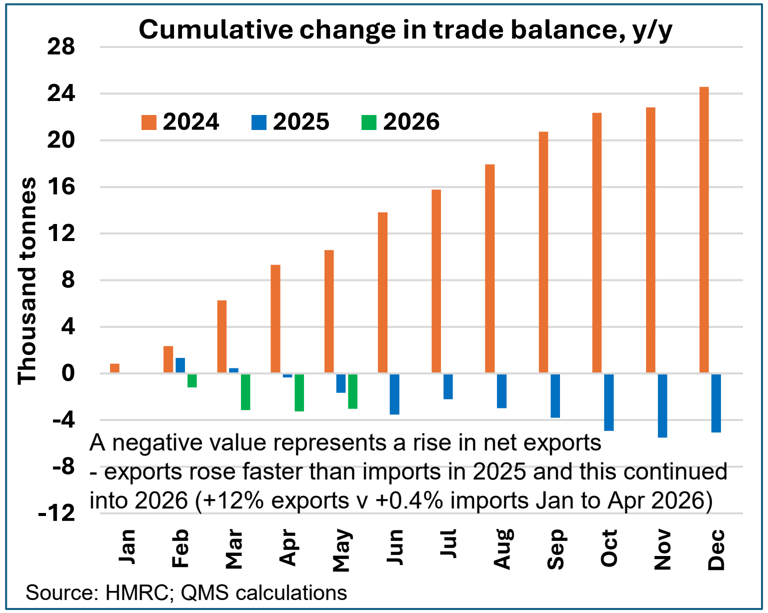
Following a similar pattern to 2025, increased domestic production in early 2026 was almost offset by a stronger increase in exports than imports, leaving overall market supply up only marginally year-on-year

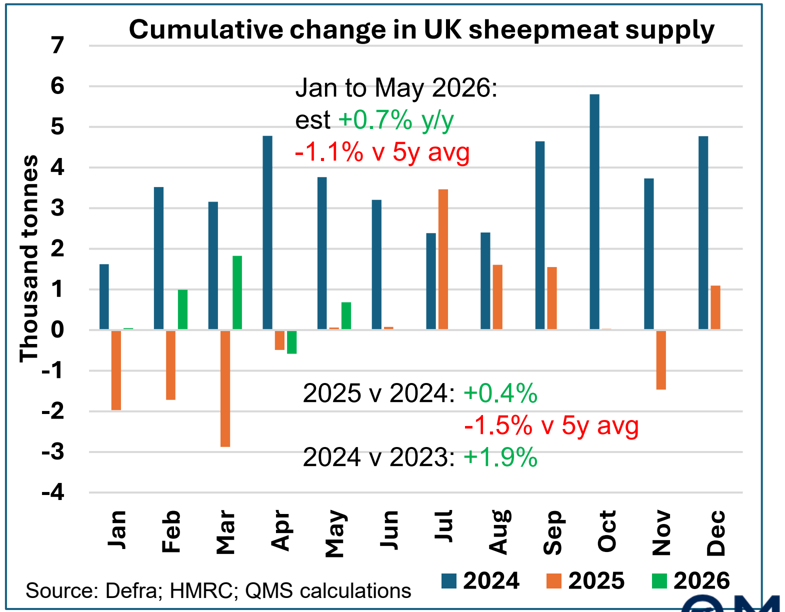








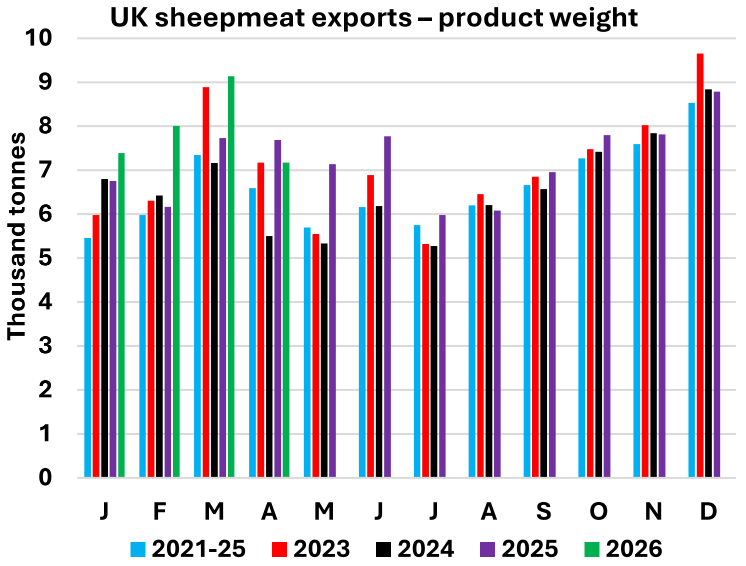




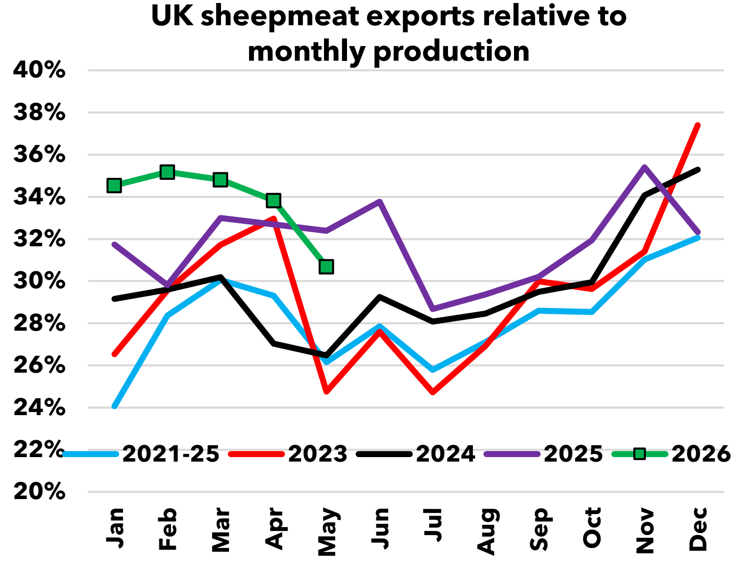
Domestic production + imports – exports = supply; Note: trade is based on product weight rather than carcase weight equivalent and May trade data is estimated

UK exports

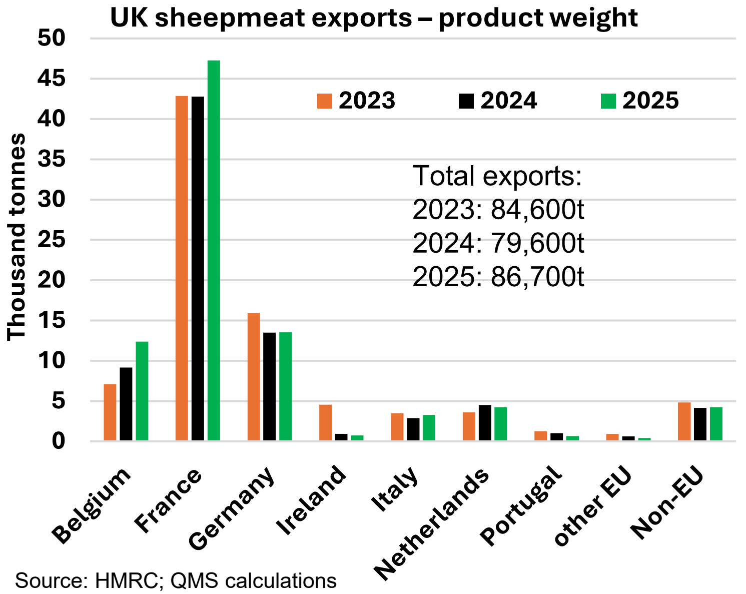
Export volumes made a very strong start to 2026 but may have struggled to match 2025 levels in Q2



Source: HMRC; QMS calculations



Source: Defra; HMRC; QMS calculations



Source: HMRC; QMS calculations

After a strong 2025 for exports, where rose 9% and increased to 32% of production from just under 30% in 2024, volumes showed further growth at the start of 2026, lifting 12% from a year earlier in the January to April period. Although volumes slipped back year-on-year in April, this reflected the earlier Easter this year and volumes remained elevated relative to lamb production.

During the January to April period, over 96% of exports had destinations in the EU. Shipments to France, the largest market, rose by a below average 4%, but there were surges of over 50% into Belgium and Italy, while sales to Germany rose by a quarter.

Average UK export prices rose by 6% year-on-year to £8.23/kg in the January to April period of 2026, with EU sales netting £8.35/kg and non-EU trade at £5.32/kg.

In Q2 2026, volumes may have struggled to match the highs of Q2 2025, when a late arrival of hoggs onto the market supported production and availability for export. However, exports are expected to have remained historically firm, supported by a declining EU sheep flock and demographic change.

Note: HMRC trade data covers HS codes 0204 (fresh or chilled & frozen sheep and goatmeat) and figures for May are estimated from historic trends.

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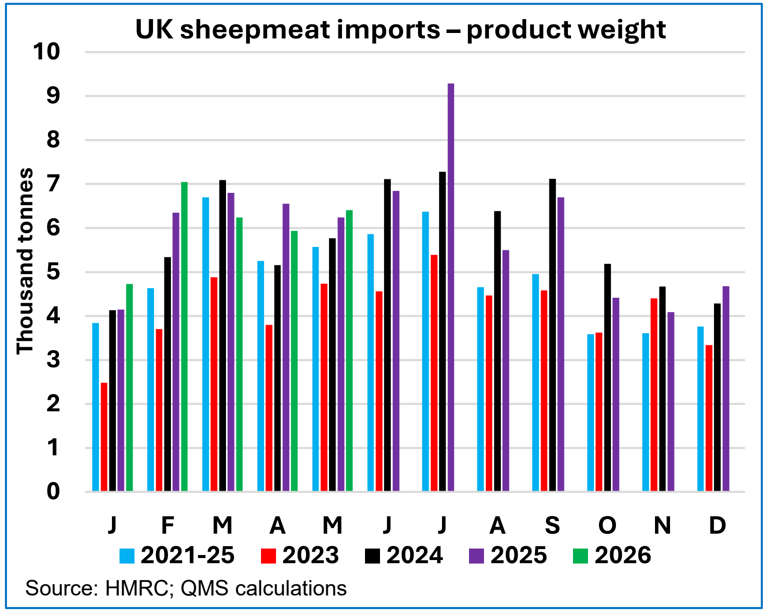
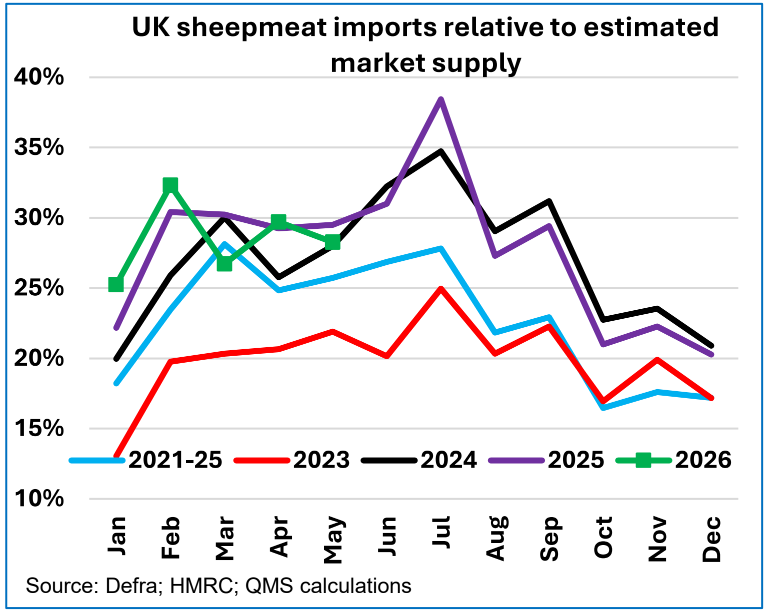
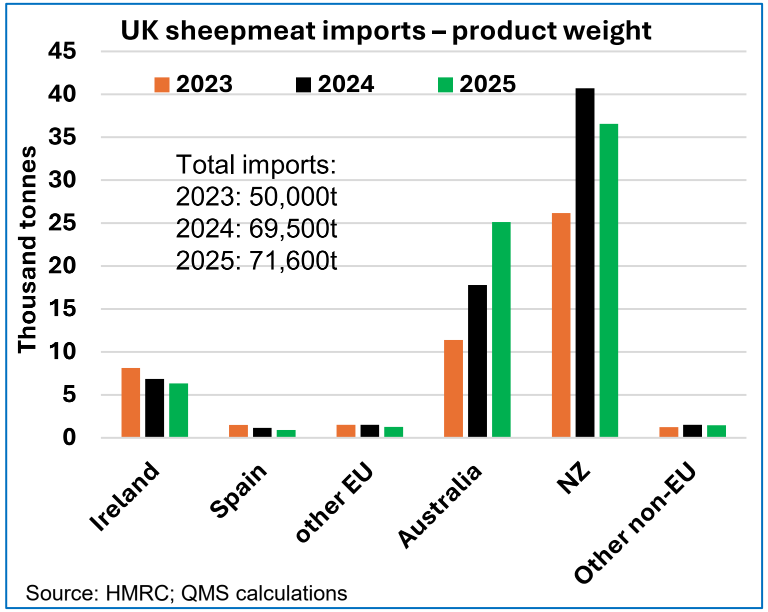
UK imports

After a strong start, imports dipped behind 2025 levels at Easter







UK sheepmeat imports made a strong start to 2026 with a 12% year-on-year increase across January and February, supported by Ramadan in mid-February. However, volumes were then subdued over Easter, declining by 12% across March and April compared to 2025. Overall, imports were up slightly in the January to April period, lifting 0.4%. Nevertheless, reflecting the jump higher between 2023 and 2025, imports were 17% above the five-year average for the first third of the year.

Imports continued to rebalance towards Australia in early-2026, with volumes up more than 42% year-on-year whereas there was a 14.5% contraction from New Zealand. Imports from Australia showed consistent growth across the four months whereas the declines from NZ accelerated through March and April after a more stable opening two months. Australia's market share rose above 36% in the first third of 2026 compared to under 26% in the same period of 2025 while NZ maintained a share of just over half, down from 59% a year earlier.

Import prices were up significantly from 2025, with Australian product averaging 15% dearer and NZ product up 21%, at a respective £6.22/kg and £7.27/kg.

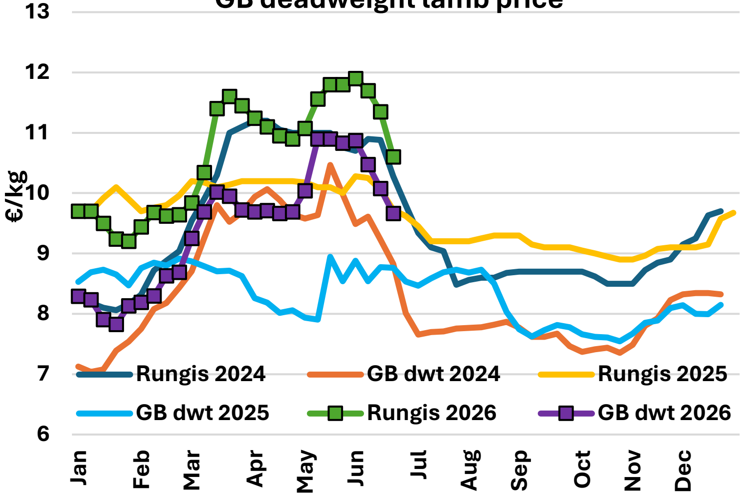
Higher imports due to the Free Trade Agreement with Australia remain a long-term downside pricing risk, especially at times of increased domestic output and at cyclical peaks in Australian production, although NZ lamb production has been trending downwards and strong domestic demand has prevented any bearish forces from developing.

Note:
HMRC trade data covers HS codes 0204 (fresh or chilled & frozen sheep and goatmeat). May trade figures are estimated

Variables influencing international trade

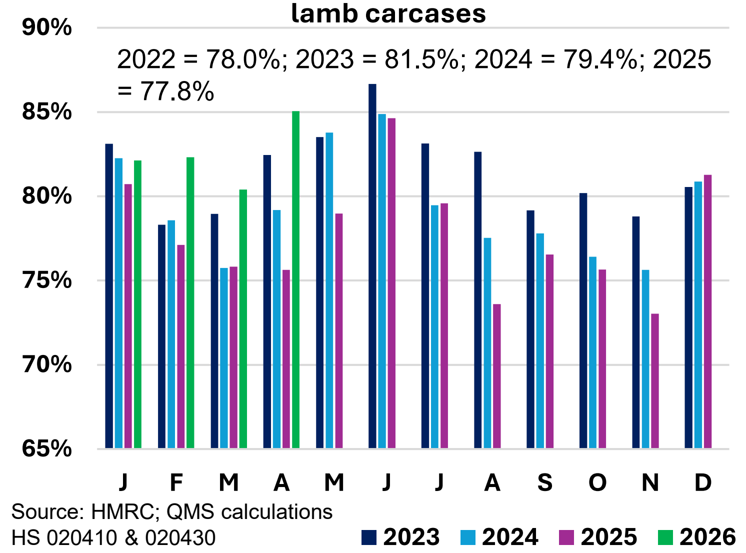
Wholesale lamb prices in France have fallen back from their highs around Eid al-Adha but remain historically high for time of year. However, export margins have been tracking slightly below the long-term average of 14%. Falling EU production has continued to support UK exports in 2026, along with demand-side support from ongoing demographic change. Strong global demand and supply-side pressures have supported Southern Hemisphere lamb prices in 2026, pushing up UK import prices.

Paris wholesale imported carcase price and GB deadweight lamb price



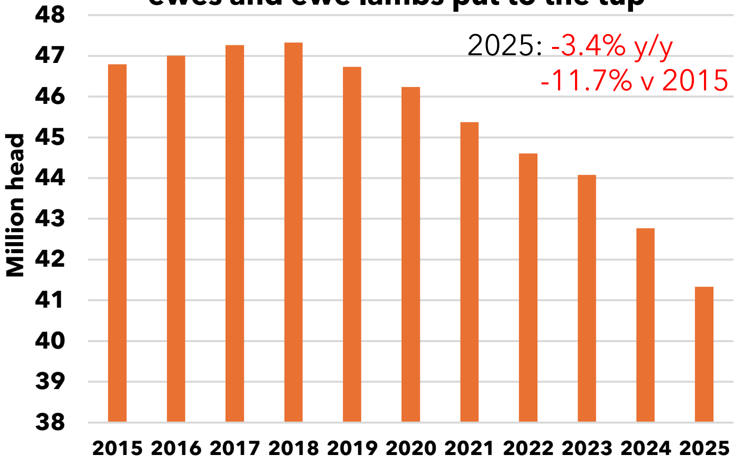
Source: AHDB; FranceAgriMer; QMS calculations
New season GB dwt from late May

Share of UK sheepmeat exports that are lamb carcases



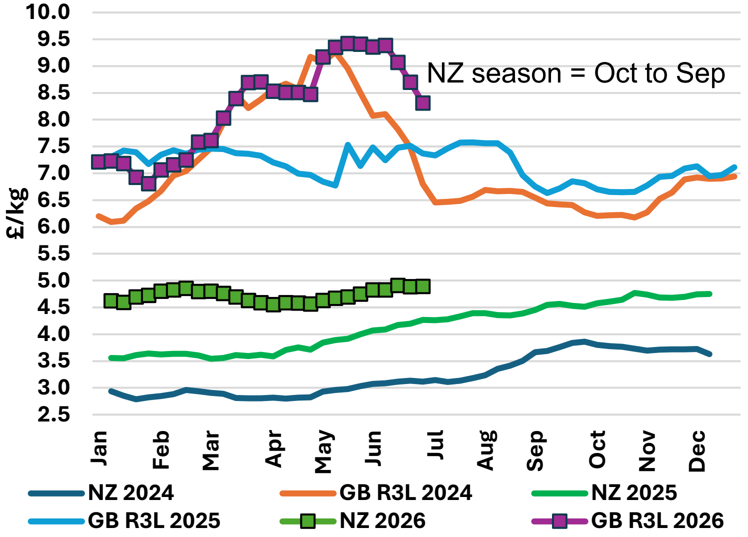
Source: HMRC; QMS calculations
HS 020410 & 020430

EU breeding flock in December – ewes and ewe lambs put to the tup



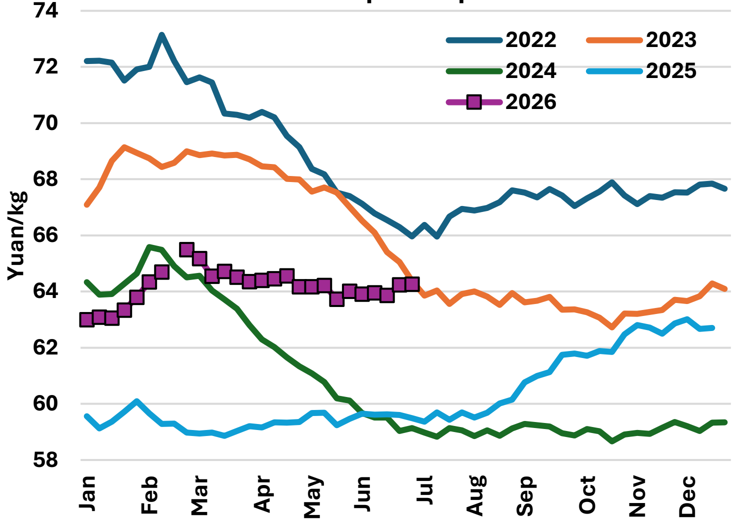
Source: Eurostat; QMS calculations
Based on 16 Member States reporting results, including Spain, Romania, Greece, Italy, France, Ireland, Portugal and Germany

Comparison of lamb prices in GB and NZ



Source: Bank of England; AHDB; MLA; Farmers Weekly (NZ); QMS

Wholesale sheepmeat price in China



Source: MARA; QMS calculations

Oceania lamb production forecasts

	2023	2024	2025	2026	26 v 25
Australia: September 2025 Industry Projections (thousand tonnes)					
Sheepmeat production	847	927	866	819	-5.4%
Sheepmeat exports (product weight)	536	614	616	583	-5.6%

New Zealand: Stock Number Survey and New Season Outlook (head)				
	2023/24	2024/25	2025/26	y/y change
Breeding ewes	14.80m	14.56	14.28	-1.9%
Total lamb crop	21.0m	19.4m	19.7m	+1.0%
Lamb production	348,600t	334,600t	329,300t	-1.6%

Source: MLA; Beef + Lamb NZ; QMS calculations

Economic Developments

- Energy markets spent much of 2025 relatively insulted from geopolitical issues due to fundamentally strong oil supply. In 2026, this changed dramatically with the US-Iran conflict triggering a major energy and fertiliser supply shock, with knock on effects for prices of many inputs derived from oil and gas. However, a deal to reopen the Strait of Hormuz shipping lanes in June led to a sharp reduction in oil prices, although gas prices proved more stubborn. These reductions will be filtering through to input prices at a lag and are unlikely to have fully fallen back. In addition, risk premia could remain built into pricing due to the potential for a re-escalation.

- More positively for the supply chain, higher oil prices may have supported some by-product values, particularly fats.

- Generally positive global crop prospects have ensured that grain and oilseeds prices remain relatively soft compared to recent years. Fears around the US harvest which built during the spring had pushed up crop prices slightly, but this pressure has now dissipated.

- A slight strengthening of sterling against the euro could have a slight impact on export competitiveness and returns, while a further weakening of the NZ dollar is likely to limit the rise in lamb import prices, though these movements are likely to have only a very small impact given an overall bullish trade environment.

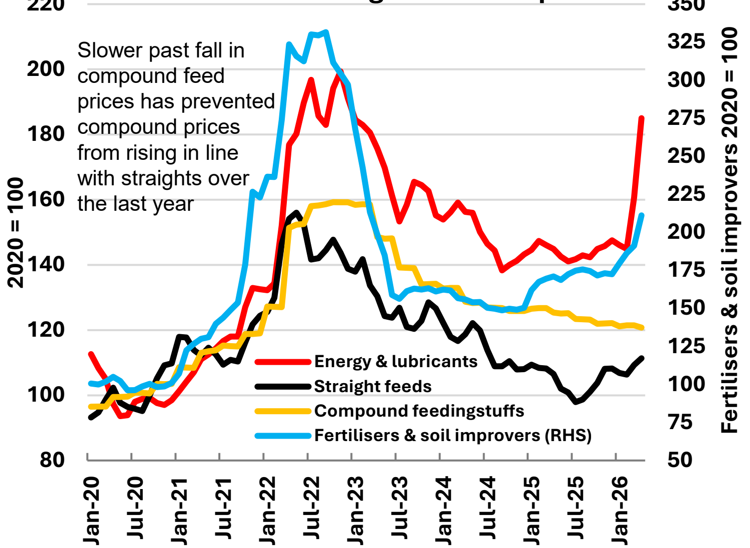
- Spending on red meat continued to grow significantly into the second quarter, although increased consumer prices resulted in reduced sales volumes. Poultry appears to have benefited most from substitution away from beef following a surge in consumer prices last year, but some cuts of lamb and pork may have also received a boost.

- A mixed economic picture remains. On the positive side, consumer spending continues to grow, supported by wages outpacing inflation and weakness in consumer confidence relates to the general economic environment rather than personal finances. The potential for volatility in fuel and energy prices remains a downside risk.

Production costs & by-product revenues

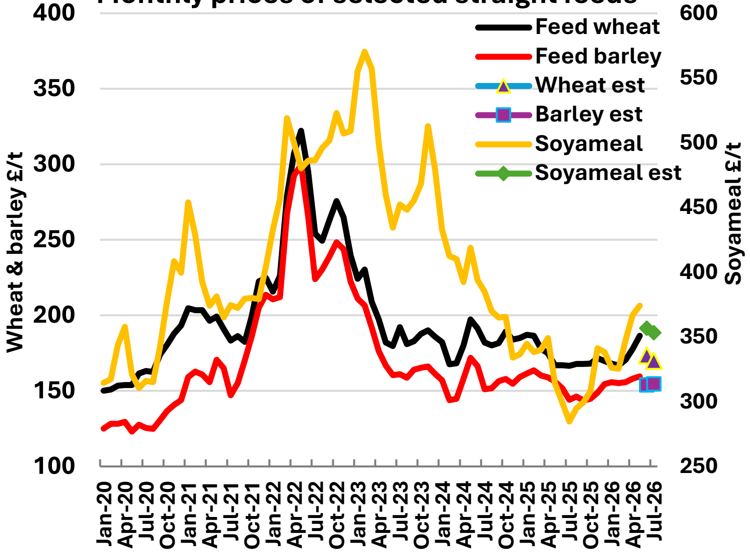
The reopening of the Strait of Hormuz has seen oil and gas prices fall back and these reductions are filtering through to derived products at a lag, meaning production costs are likely to still be higher than at the start of 2026. Grain and oilseed prices have softened as concerns around the US harvest have eased. Hide values have continued to trend downwards but skins increased in April against the seasonal trend.

Index of selected agricultural inputs



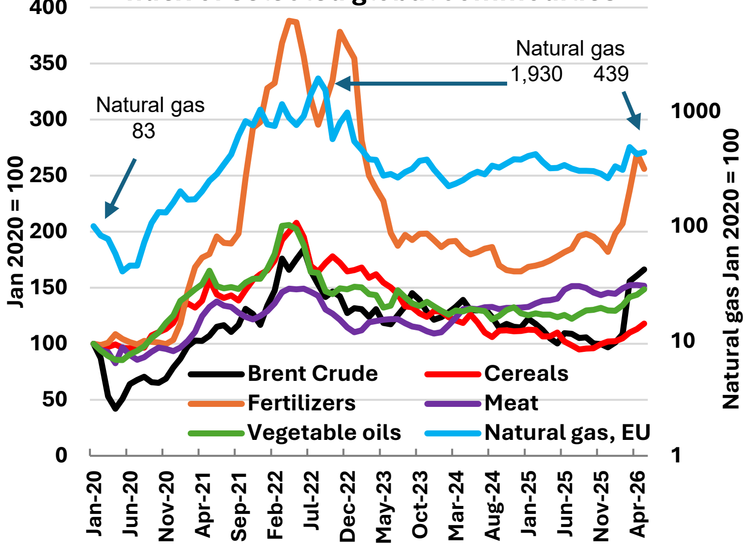
Source: Defra – Data to April 2026

Monthly prices of selected straight feeds



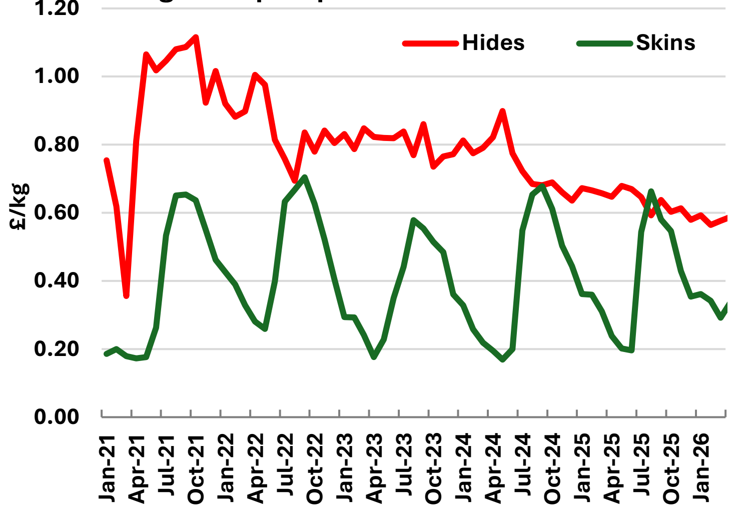
Source: Defra – data to May 2026; QMS estimates for June and July

Index of selected global commodities



Source: IMF – data to May 2026, rebased to Jan 2020 = 100

Avg UK export price for hides and skins



Source: HMRC; QMS calculations – data to April 2026
HS codes 4101 & 4102

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 changed dramatically with the US-Iran conflict triggering a major energy and fertiliser supply shock, rapidly increasing prices to levels last seen at the outset of the war in Ukraine in 2022, with knock on effects for prices of many inputs derived from oil and gas. However, a deal to reopen the Strait of Hormuz shipping lanes in June saw oil prices fall back to around 10% higher than in February, although gas prices proved more stubborn. These reductions will be filtering through to input prices at a lag meaning that costs are unlikely to have fully fallen back. In addition, risk premia could remain built into pricing due to the potential for re-escalation (for example, renewed attacks in the Gulf region on 7-8 July), More positively for the supply chain, higher oil prices may have supported some by-product values, particularly fats.

Generally positive global harvest prospects have ensured that cereal and oilseed prices remain relatively soft, with concerns over the US harvest that built during the spring dissipating.

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 in mid-2024 and 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 slightly lower into 2026. Sheepskin values had a strong year between mid-2024 and mid-2025, before a softer end to 2025 and start to 2026. However, a lift against the seasonal trend in April saw them show a considerable year-on-year increase.

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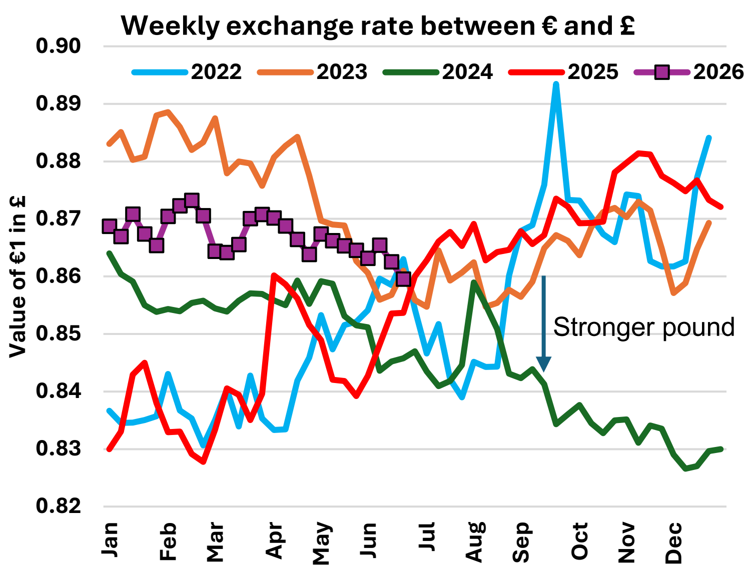
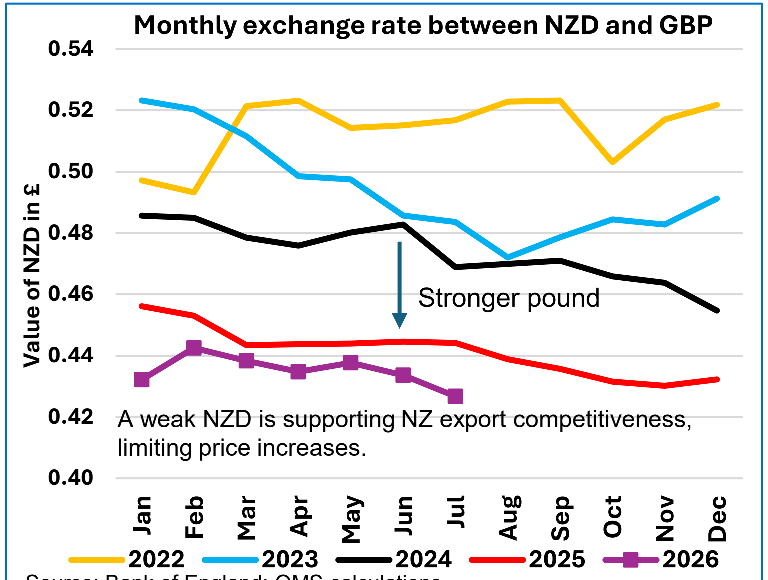
Exchange Rate Movements

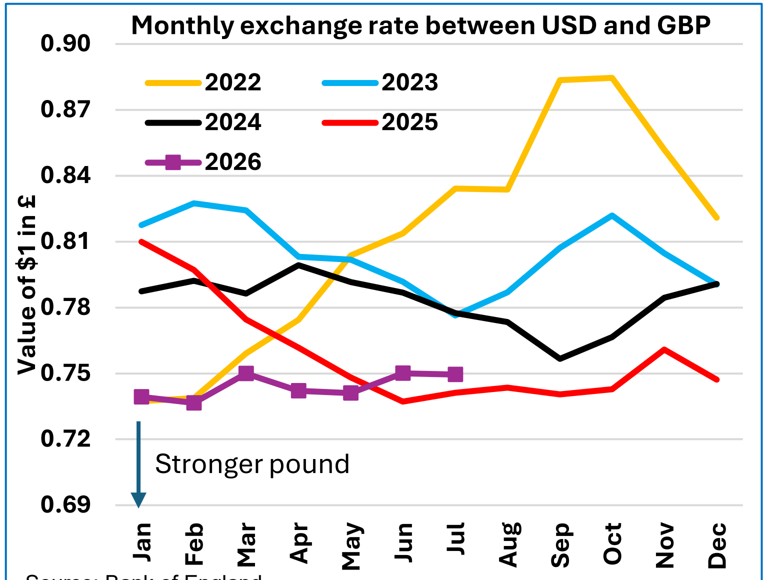
Sterling has shown a slight rise in value against the euro, potentially reducing export competitiveness, while continuing strength against the New Zealand dollar has limited the rise in import prices. A weak US dollar will have taken some of the heat out of input cost pressures in the spring.



Source: ECB



Source: Bank of England; QMS calculations



Source: Bank of England

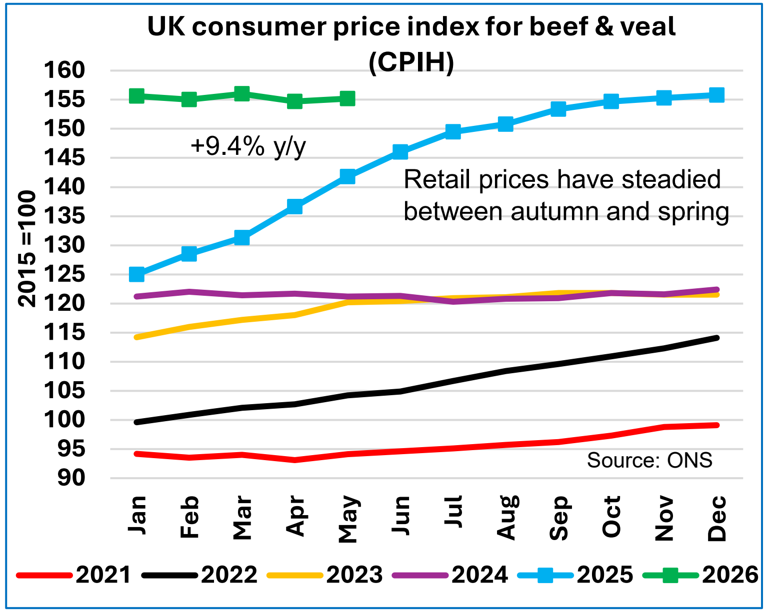
Having generally trended weaker through 2025, sterling has been more stable in the first half of 2026, but with a slight upwards trend in the second quarter taking sterling back to its highest level against the euro since mid-2025. This reflected a shift in the monetary policy outlook in the euro area, with further interest rate hikes now less likely following the reduction in oil prices. Given the downwards trend in 2025, sterling could now prove stronger than a year-earlier in the coming weeks and months, working against export competitiveness and returns. Political change has yet to have a significant impact on sterling, but does add some uncertainty for the second half of the year once the new administration is in place and begins to make policy announcements.

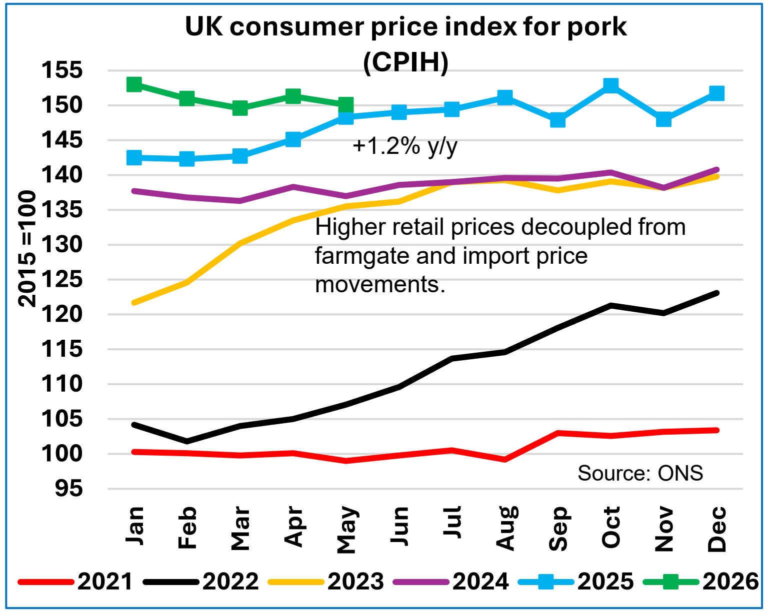
Sterling has risen further against the New Zealand dollar in 2026, continuing to soften year-on-year lamb import price rises.

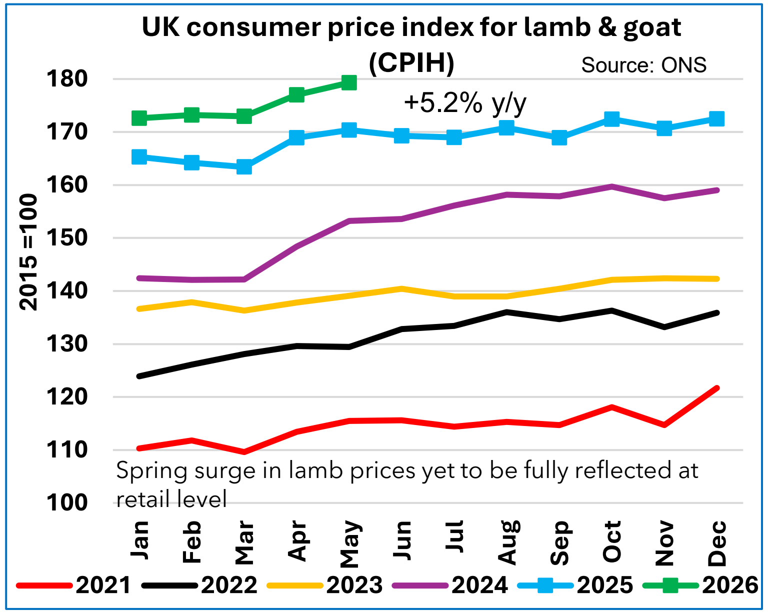
The relative stability of sterling against the US dollar seen in the second half of 2025 has continued into 2026, though the pound has been slightly weaker than in 2025 through June and into July. In theory his could add a little upside to input costs while giving some slight support to exports into the global market, but these pressures are likely to be limited. The US dollar rose in June on an increased likelihood of higher US interest rates later in 2026, though some of this pressure reversed at the start of July following some softer US economic data.

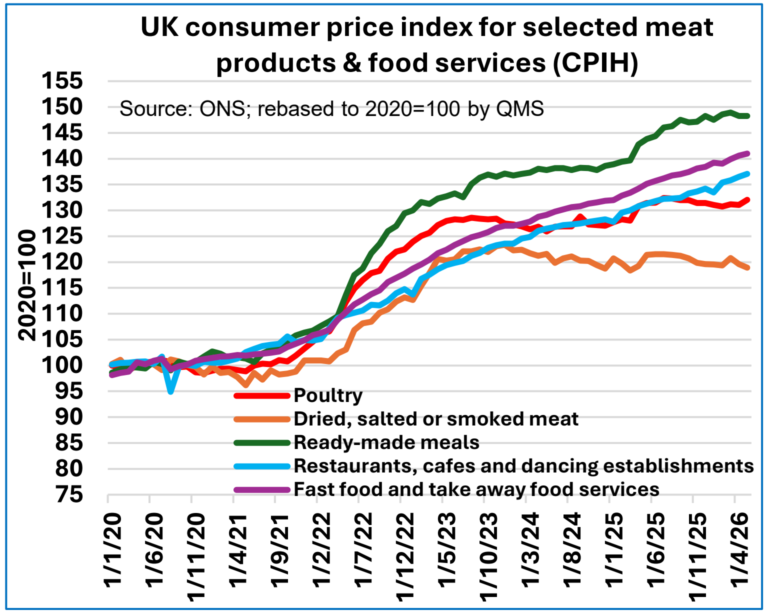
Consumer demand and prices

Consumer spending on meat continues to outpace general spending on groceries, reflecting strong underlying 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 this summer. Higher farmgate lamb prices this year 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 cheap substitute for beef. Poultry retail prices have remained elevated while farmgate prices have fallen back after spiking in 2022/23, but the lower price point continues to make poultry look highly competitive to consumers. 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 have continued to hover around the 4.5% level.

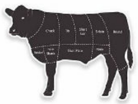
GB retail sales,12 weeks to 14/6/26, year-on-year changes

	Value	Volume	Avg price per kilo
Fresh red meat	+3.6%	-0.9%	+4.5%
Fresh poultry	+5.7%	+3.0%	+2.6%
Total grocery market	+2.7%	-0.4%	+3.1%

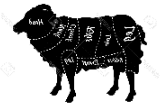
Source: Worldpanel by Numerator

Retail demand and prices

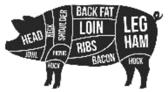
Retail demand for red meat continues to look positive in GB from a spend perspective. Beef retail price inflation has continued to squeeze sales volumes and may have boosted the volume of demand for some cuts of lamb and pork which are competitively priced substitutes. Lamb appears to have had a softer 12-week period, potentially influenced by an earlier Ramadan this year.



BEEF
12 weeks to 14th June 2026

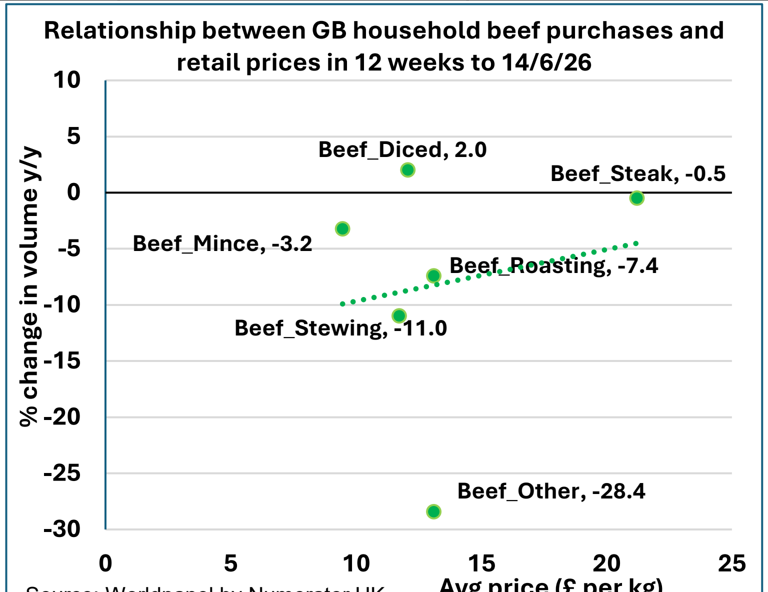


LAMB
12 weeks to 14th June 2026



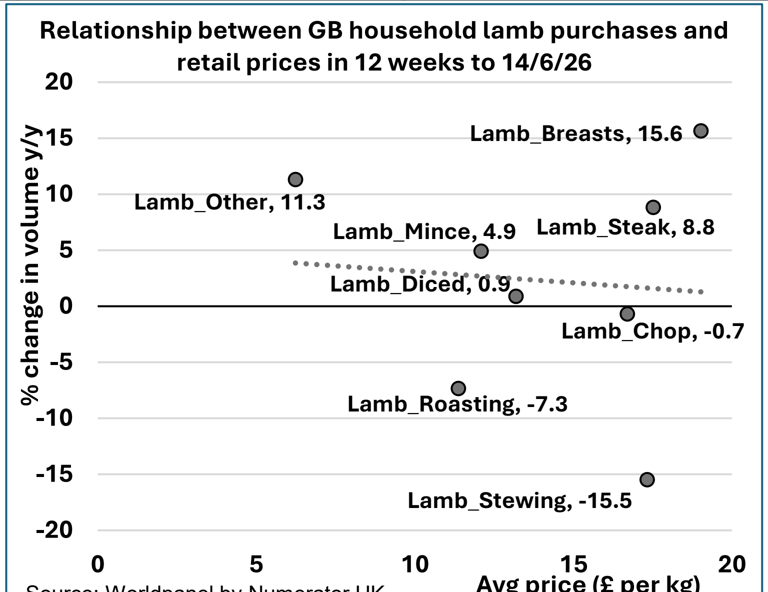
PORK
12 weeks to 14th June 2026

	BEEF GB		BEEF Scotland		LAMB GB		LAMB Scotland		PORK GB		PORK 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)	634.1	8.3%	63.0	14.0%	167.9	2.1%	8.9	8.4%	204.9	4.6%	13.1	3.9%
Volume (t)	51,157	-3.5%	4,910	-0.1%	13,586	-3.2%	690	-0.4%	32,361	4.7%	2,044	6.2%
Avg price (£/kg)	12.40	12.3%	12.83	14.1%	12.36	5.5%	12.90	8.8%	6.33	-0.2%	6.41	-2.2%
Penetration*	63.8%	-1.7%	67.8%	-1.2%	26.0%	-2.3%	18.7%	-4.5%	41.9%	1.6%	36.5%	2.5%
Frequency**	4.3	-1.0%	4.3	2.8%	2.1	0.6%	2.1	4.9%	3.0	0.5%	2.7	-0.9%



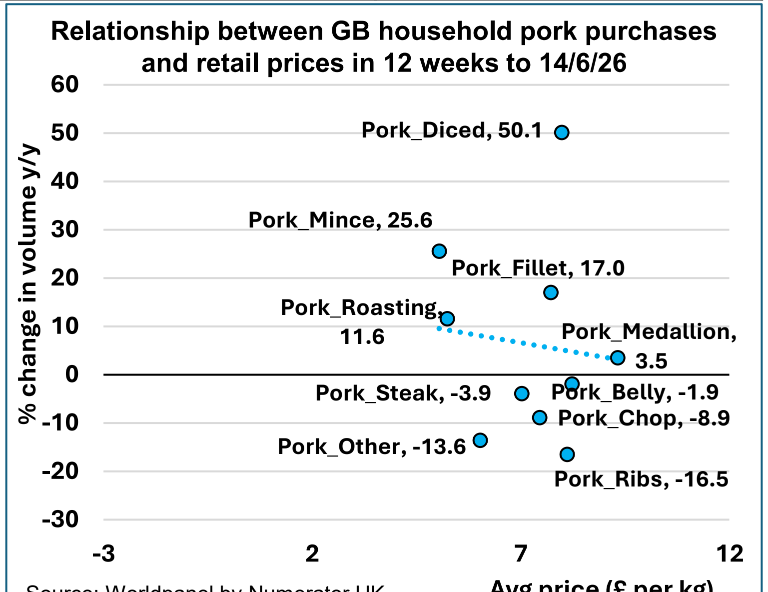
Source: Worldpanel by Numerator UK

Most cuts seeing volumes squeezed by elevated retail prices but steaks performed above-average.



Source: Worldpanel by Numerator UK

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



Source: Worldpanel by Numerator UK

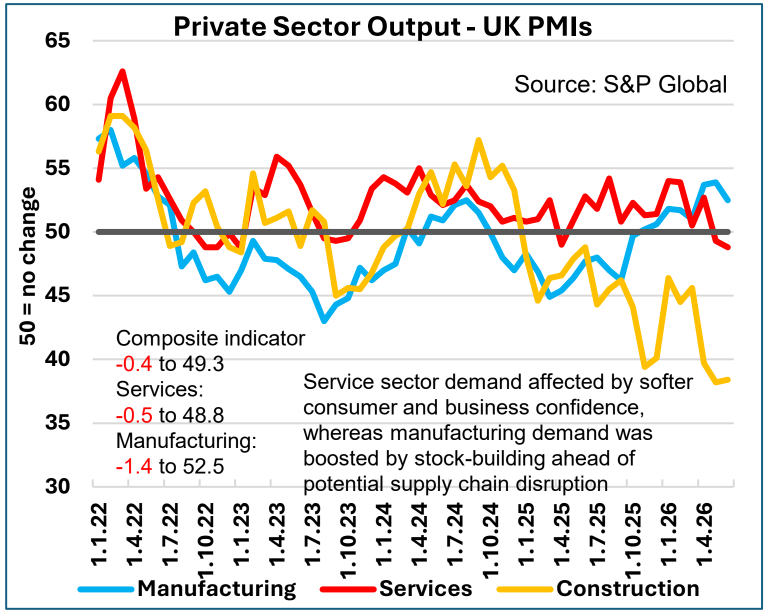
Strength of pork mince sales could reflect beef mince inflation, with pork mince just over half the price of beef mince.

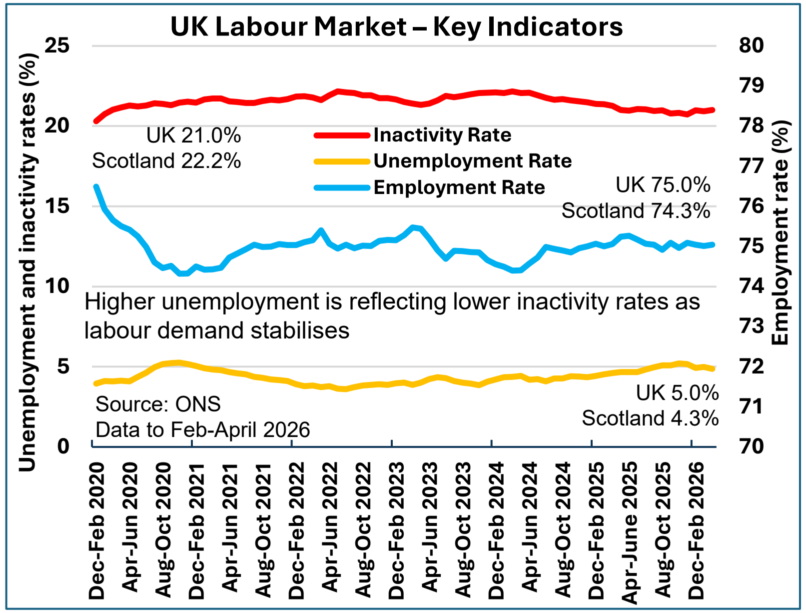
Source: Worldpanel by Numerator UK; data covers sales of fresh and frozen unprocessed red meat; please note that sales data for Scotland can be volatile due to the limited sample size
*Penetration % - Number of households/individuals that bought at least once in the time period as a percentage of total households/individuals.
**Frequency - Average number of purchase trips per buyer in the time period.

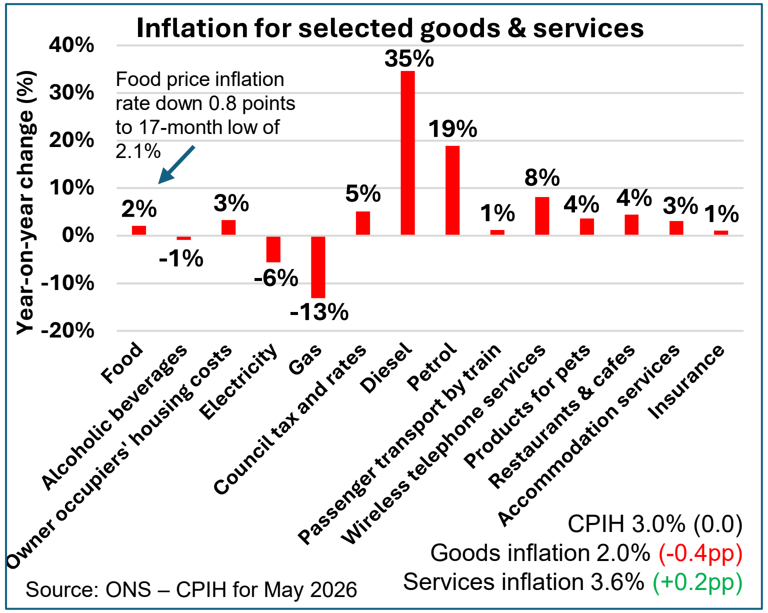
QMS Quality Meat Scotland

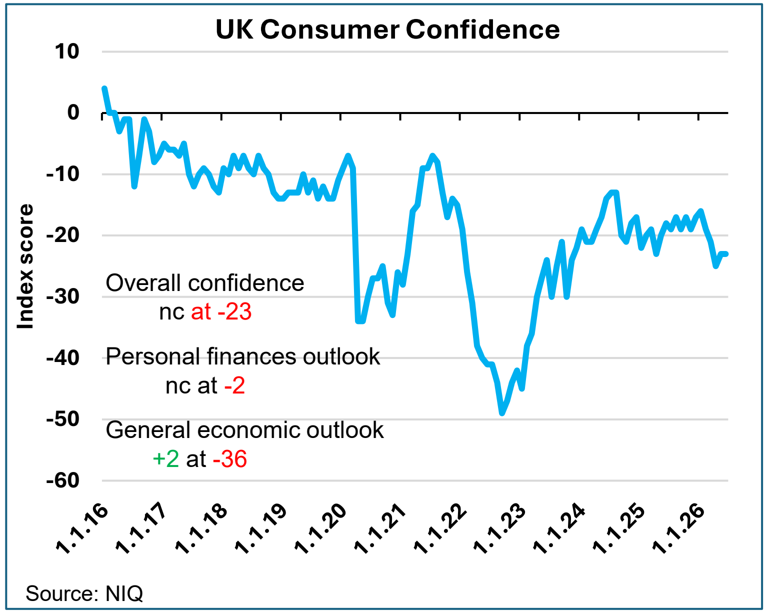
Economic indicators

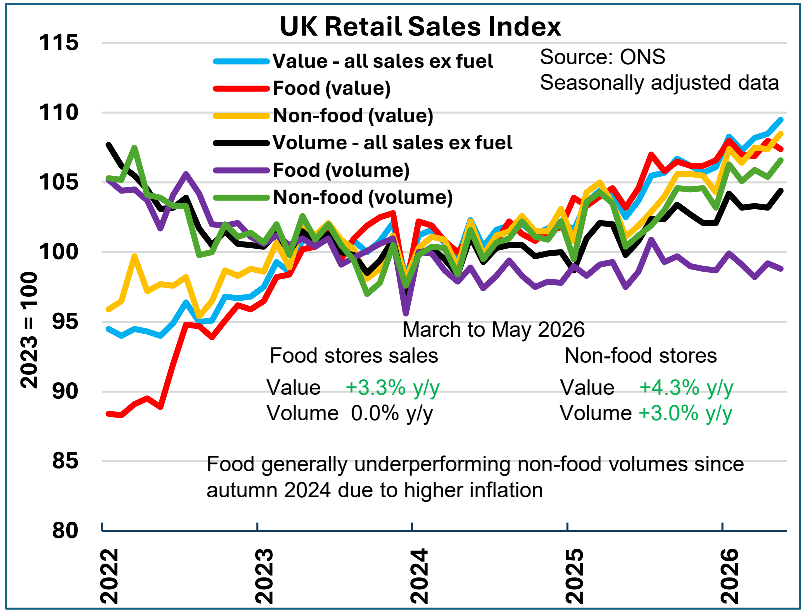
A mixed economic picture remains. On the positive side, consumer spending continues to grow, supported by wages outpacing inflation, and weakness in consumer confidence relates to the general economic environment rather than personal finances. The potential for volatility in fuel and energy prices remains a downside risk.

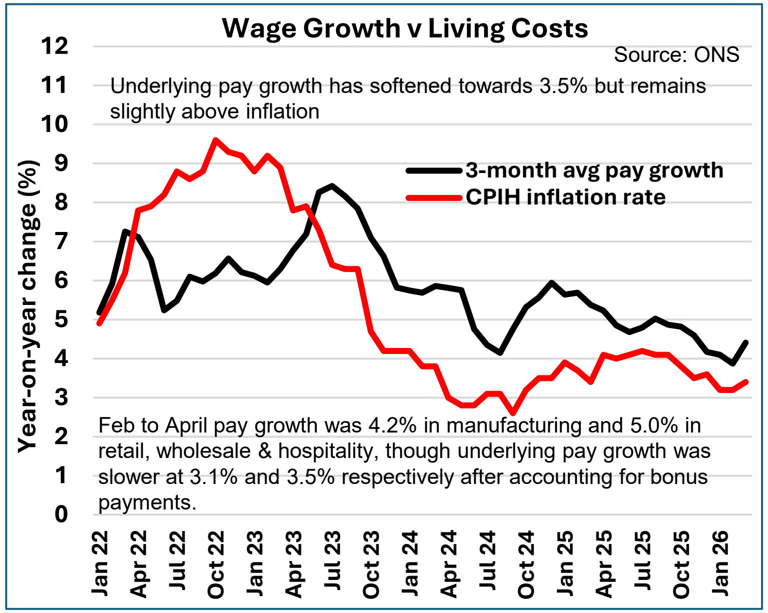












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