

MARKET REPORT - August 2020



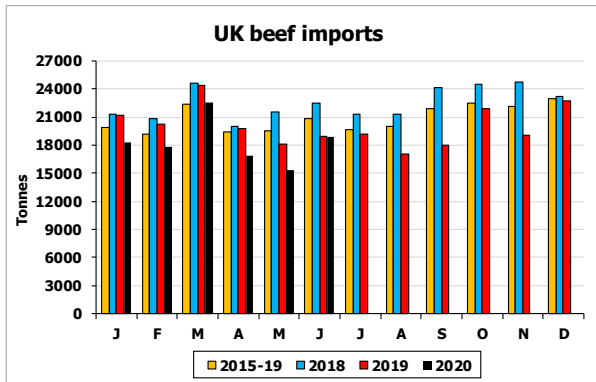
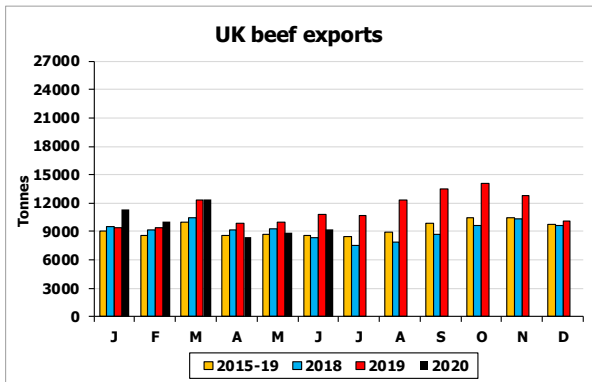
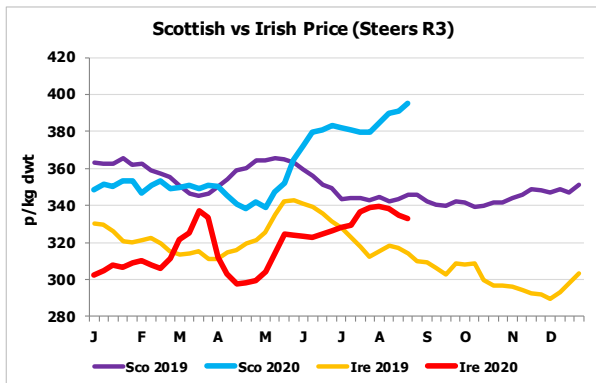
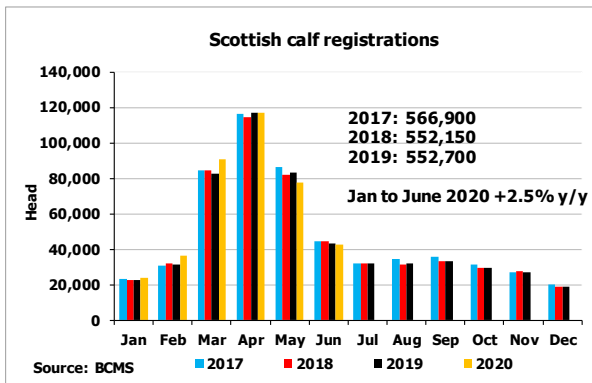
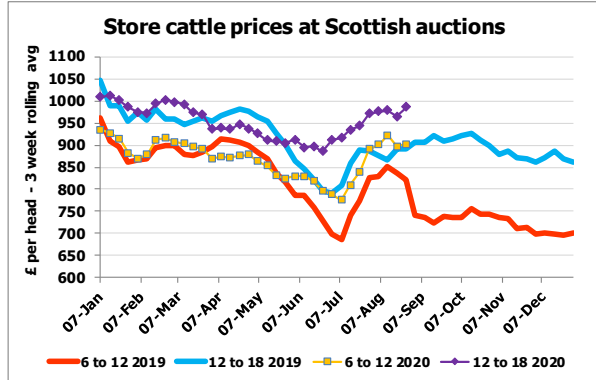
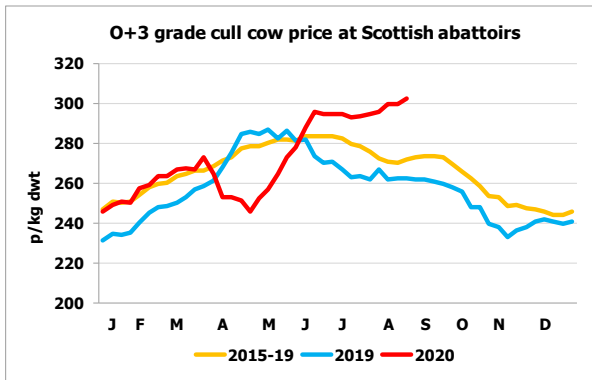
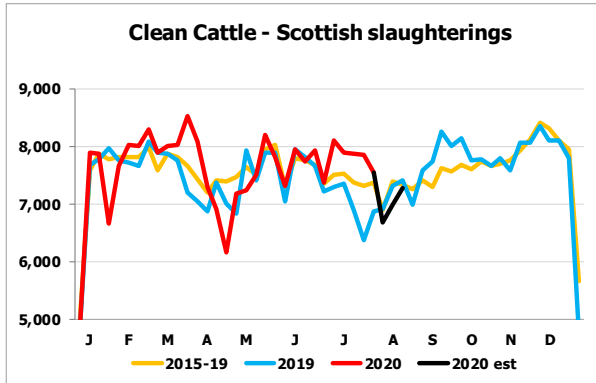
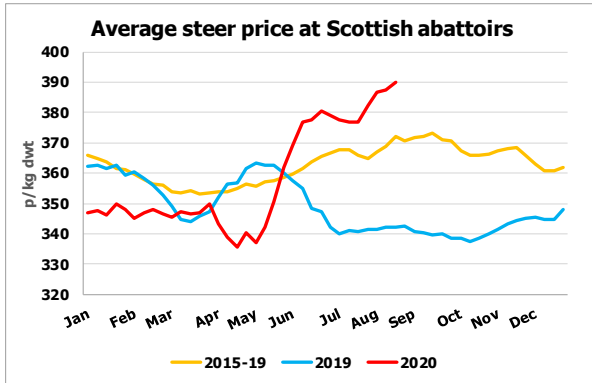
Cattle Update

- After surging through May and the first half of June, with the average prime cattle price at Scottish abattoirs climbing 12% from 336.5p/kg to 376.8p/kg in five weeks, prices were more stable between mid-June and the end of July, fluctuating in a 375-380p/kg range. Prices then trended slowly higher through August, reaching 388.2p/kg in the third week of the month.
- As well as being 13.7% above the same week in 2019, the average prime cattle price was at its third highest on record for the time of year, falling slightly short of 2017's 389.6p/kg and coming within 3.5% of the 2013 record of 402p/kg.
- The rate of increase in the R4L steer price over a four-week period at Scottish abattoirs peaked at 10.3% in mid-June before turning slightly negative for two weeks from mid-July. However, by the third week of August it had rebounded to 3.1% – its fastest since the end of June – with an R4L making 393.5p/kg.
- In England & Wales (E&W), the market upturn through May and June was slightly slower than in Scotland, so the average price in Scotland opened a 7% premium at the end of June. However, as prices continued to trend slowly higher south of the border in July, the Scottish premium fell back towards a 5-5.5% range, holding there between mid-July and the third week of August.
- E&W prices averaged 368.2p/kg in the third week of August, compared to a low point of 317p/kg. Meanwhile, R4L steers have risen to 381.1p/kg from a low of 331.4p/kg. Scottish R4L steers have been averaging 12-14p (3.2-3.8%) higher than in E&W since mid-July, down from a 17p (4.8%) average premium in the eight weeks before that.
- After considerable volatility in price cattle kill across the UK during the spring, with the March weekly kill up 10% followed by declines of 3% in April and 11% in May as Covid-19 disrupted the cattle marketing pattern and abattoir operations, numbers showed significant year-on-year growth in both June and July, rising 10.6% and 9.6%.
- Over the first seven months, UK prime slaughter rose 2.3%, driven by a 5.9% increase in heifers while the male kill dipped slightly.
- At Scottish abattoirs, prime slaughter has, in general, been slightly less volatile. While the March increase nearly matched the UK rate, coming in at 9.3%, slaughter fell 3.4% in April before recovering to exceed 2019 levels by 1.9% in May, before rising 1.1% in June and then spiking by 12.9% in July.
- Prime cattle carcase weights continued to lag 2019 levels in July. However, the rate of decline picked up further. After averaging around 0.5% lighter in the opening four months, May and June saw declines of 1.5% and then July weights were 2.3% lower.
- Young bulls reached a seasonal peak of 15.5% of the prime kill in July, compared to June's 12.5% and a year-to-date share of 8%.
- In the first seven months, Scotland's prime kill was 2.9% higher than twelve months before, with steers and heifers up by a respective 2.4% and 4.5% but young bulls down 1.2% (males up 1.9%).

- Moving into August, the sharp uplift of July was not sustained and there were three weeks of year-on-year declines in prime kill at reporting Scottish abattoirs. Over the three weeks, numbers were around 10% below July's weekly average, 7.2% below the year-to-date weekly average and 2.1% below the same period of 2019. However, numbers were broadly in line with their three and five-year averages.
- At E&W price reporting abattoirs, numbers slipped behind their year-to-date average and year earlier levels in the third week of August. While they had opened the month running 4-5% higher than 2019, this marked a slowdown from a July peak of 12-14%.
- At Scottish abattoirs, -U4L steers have continued to trade at a discount to R4L steers into August, though it has eased to a weekly average below 2p in the June to August period, having averaged above 3p between March and May. By contrast, -U4L heifers continue to make more on a pence per kilo basis than R4L heifers, averaging 4.8p higher in the four weeks to August 22.
- In 2019 as a whole, there was a shift away from handling mature cattle at Scottish abattoirs with numbers sliding by 12.5% despite BCMS data pointing to a 2.9% rise in slaughter of Scottish-born cattle aged over 30 months. This trend continued until mid-May but since then it has reversed with June seeing growth of 12.5% and then July volumes a third higher than last year. Into August, volumes have remained sharply higher at price reporting abattoirs.
- After a firm start to the year, cull cow prices dipped roughly 10% in April but then quickly rebounded, climbing by a fifth between late April and mid-June, returning them back above year earlier levels. Prices then steadied, with an O+3 grade making around 295p/kg through July. August has seen some renewed uplift, with prices pushing past the £3/kg mark. With July often seeing a market dip, the year-on-year price increase went from 8-10% in June to 11-12% in July, before widening towards 15% in August.
- HMRC trade data shows a continuing decline in UK beef imports relative to year earlier levels in June; a trend which began at the start of 2019. However, June volumes were only fractionally lower than in 2019 after steep falls of around 15% in April and May, underpinned by the recovery in Irish beef production. Then again, they were still down 9.5% on the five-year average for June. Imports from the EU accounted for 98.9% of the import volume, up from 94.1% in June 2019, reflecting both a longer-term trend and reduced import requirements in the hospitality sector.
- UK beef exports fell remained below 2019 levels for a third month in June despite a recovery in domestic beef production, reflecting weak demand in the EU and firm demand at home. Exports were higher than in April and May but trailed 2019 by 14.4%. Then again, they did still exceed their five-year average by 7%. After more than doubling last year, exports to non-EU countries have continued to underpin shipments in the first half of 2020, and were up 43% in June, taking a 26.5% share.
- Retail beef sales appear to have held relatively firm in the four weeks to August 9th despite increased eating out taking some heat out of the retail market, as fewer people were overseas on holiday. Spending on fresh beef across GB was 18% above year earlier levels in the 12 weeks to August 9th, compared to a 24% growth rate in the 12 weeks to July 12th, while spending on frozen beef picked up to 38% from 31%. However, growth in spending on burgers dipped from 42% to 29.5%. The latest 4-week data for fresh and frozen beef had shown a slowdown from 30% growth between mid-April and mid-May to 20% to mid-June and then 23% to mid-July. Steaks and roasts drove sales growth with mince lagging since the four weeks to mid-May.

- In the Irish Republic, prime cattle slaughter rebounded steeply between mid-May and mid-June and has since been relatively stable at 25-28,000 head per week compared to a low point of around 20,000 and a likely autumn peak of around 30,000. Cow processing peaked in July and has fallen sharply since. Slaughter was disrupted significantly in August and September 2019 by producer protests.
- After steadying between late May and early July, a renewed uplift saw Irish prime cattle firm by around 4% to the end of July. However, half of this increase has been given up in August. R3 steers averaged €3.69/kg in the week ending August 23, which is similar to their pre-pandemic position and 7% above 2019 levels.
- In sterling, Irish R3 steers were equivalent to 333p/kg in the third week of August, with the recent price movements in opposite directions leading to a widening Scottish premium. It approached 19%, compared to a year-to-date average of 13% and 10% a year earlier.
- EU average prices for prime cattle have seen some slight uplift between July and August, with prices remaining similar to last year's levels and R3 males 17% cheaper than the UK average, having been 13.5% cheaper in mid-July. Cow prices have firmed by around 1.5%, halving the year-on-year deficit to below 2% and remaining around 11% below the UK average.
- In the USA, slaughter numbers have been tracking slightly behind 2019 levels this summer as abattoirs continue to operate below previous capacity while later marketing has resulted in heavier weights, pushing beef production slightly higher. Prime steer prices have trended higher since dropping to a year-to-date low at the beginning of July, rebounding by 10%, taking them from around 15% below year earlier levels to 3.5% lower. However, a weaker US dollar means they are down 11% on the year in sterling, at the equivalent of 284p/kg.
- Although recent weeks have seen some recovery in by-product values in the US, the fifth quarter was still worth 16.5% less than a year earlier in the third week of August, reflecting challenging global leather and energy markets.
- Store cattle prices climbed seasonally through July but have been more stable in August, with 6-12-month steers averaging around the £900 mark and 12-18-month steers averaging around £980. Volumes have also trended higher but remain well below spring and autumn peak levels.
- After running slightly above 2019 levels in early 2020, store cattle prices fell behind for around two months from mid-March. However, a stronger summer upturn has seen prices return to around their Q1 peak in August, and they have been well in front of last year's levels on a consistent basis since mid-May, averaging around 9% higher, with some weeks showing increases nearer to 20%.
- At £870 in July the average 6-12-month store steer was 60.6% of the finished steer carcass price at Scottish abattoirs (£1,440), while 12-18 month steers averaged 66.9% of this, clearing at £960.
- Calf registrations jumped by 10.3% year-on-year in the first quarter before falling back behind 2019 in Q2, down 2.6%. Over the first half, they were 2.1% higher, driven by a 2.6% lift in beef-sired calves.

Cattle Charts



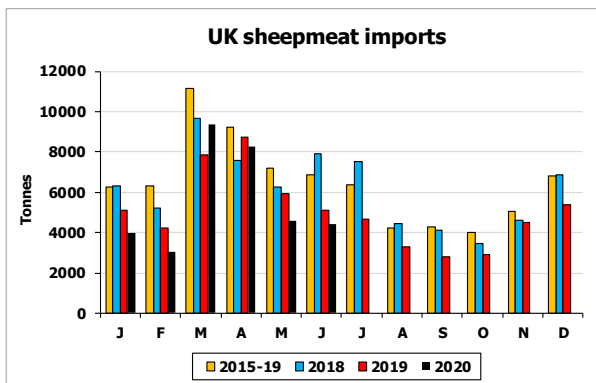
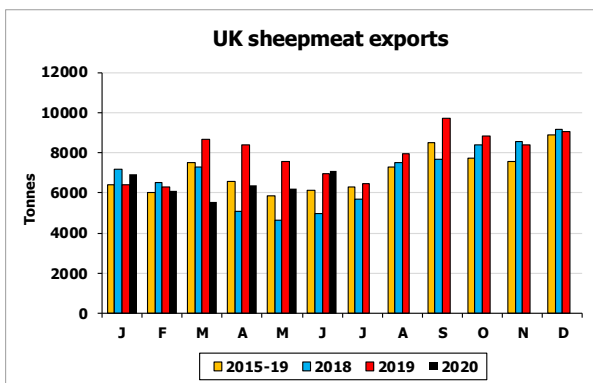
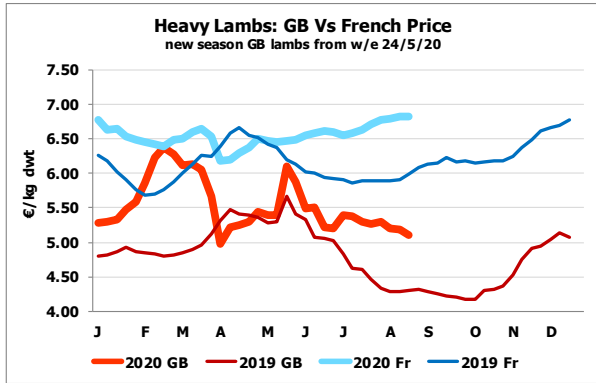
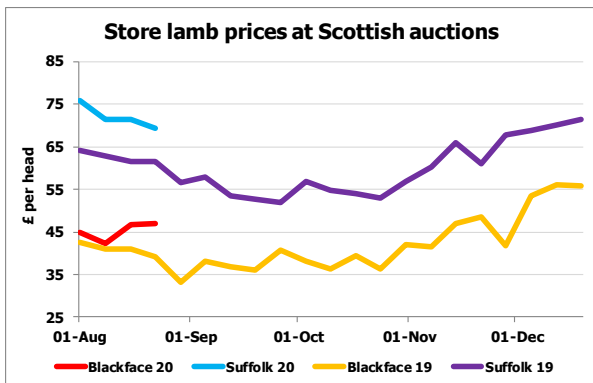
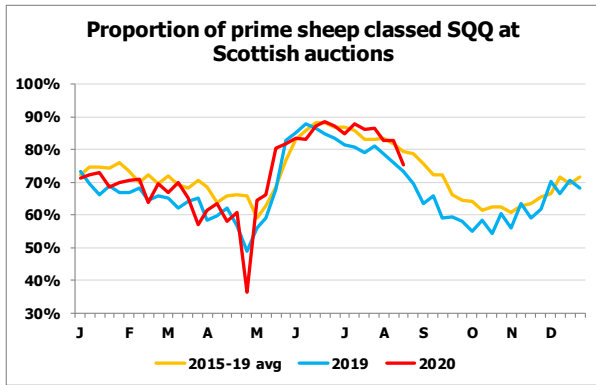
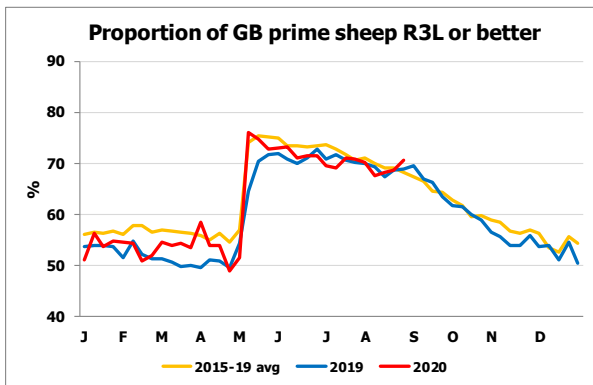
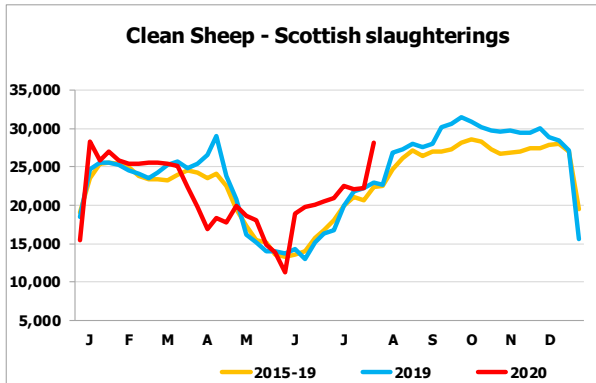
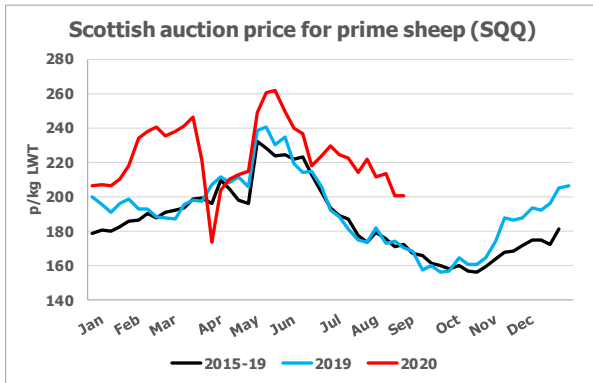
Sheep Update

- Summer 2020 has been an exceptional one for the prime lamb market. In most years lamb prices will quickly drop back from the seasonal peak through June and July but this year, the downwards trend was much slower, resulting in a significant premium over 2019 farmgate prices of 15-25%.
- This year's strong market has come despite a quicker arrival of new season lambs onto the market across GB, although availability has been relatively better in Scotland.
- During July, weekly GB auction volumes averaged a third higher than in June and 47% higher than last year, though some of this reflected the pre-Eid lift in supply in the second half of the month. Comparing with the four weeks up to Eid in 2019 (week ending August 14th), July 2020 volumes were still 28% higher.
- Auction volumes at GB level have fallen back in August but were still marginally above year earlier levels, with this comparison including the pre-Eid peak last year. At Scottish sales, marketings continued to build up until the week ending August 26th, in which they fell by a quarter but were still 1% higher than last year. Over the four weeks, marketings at Scottish sales were still up by 40% on July and 24% on 2019.
- After averaging 222p/kg between mid-June and the end of July at Scottish auctions, lamb prices softened after Eid-al Adha, averaging 213p/kg in the first half of August. In mid-August, prices then dropped, with the daily average falling towards 190p/kg on August 19th and 20th. A sharp fall in marketings in the week to August 26th saw prices rebound above £2/kg, reflecting continuing strength in demand. On Thursday 27th, prices reached 210p/kg, exceeding 2019 levels by 22%, and the momentum continued into the final day of the month, averaging 217p/kg and 27% higher than last year.
- Relatively stronger supply at Scottish sales may be a significant factor behind lower prices at Scottish sales than in England & Wales for seven consecutive weeks up to late August. Over this period, weekly prices in Scotland averaged 1.6% lower. Prior to this, Scottish prices had seen slightly higher prices in six out of seven weeks.
- UK slaughter statistics published by Defra confirm the uplift in supply through the ring, with the weekly average kill a quarter higher in July than it had been in June, and 17% higher than last year.
- At Scottish abattoirs, slaughter numbers rose more slowly in July both on the month and year. The average weekly kill was 17% higher than in June, while the median rose by 11%, reflecting the jump in slaughter in the final week of the month ahead of Eid al-Adha. At 115,900 head, slaughter exceeded July 2019 levels by 11.7%.
- Carcase weights at Scottish abattoirs fell by 0.7% on July 2019 levels, dipping to 19.9kg from 20.1kg in July 2019. This fits with a general pattern of a higher share of auction sales taking place in the 25.5-45.5kg SQQ weight range this year. It fits with an indication that producers have been marketing early this year to take advantage of strong farmgate prices, supported by generally good grazing conditions but with reduced grass growth compared to last year.
- Cull ewe auction volumes had been averaging around 3-4,000 head per week in Scotland in the second quarter, but began to trend higher at the end of June. A pre-Eid spike saw volumes peak at nearly 11,300 head in the third week of July and, after a fortnight of lower marketings, they averaged above 9,200 head in the three weeks

to August 26. In the eight weeks to August 26, Scottish auction volumes were 20% higher than last year. At UK abattoirs, weekly slaughter numbers trailed year earlier levels by 39% in May but almost matched 2019 in June and then rose slightly in July.

- Cull ewe prices had been averaging around £75 through May and June but the lift in volume saw prices soften to average £65-67 through July and into the first half of August. In the second half of August, prices have dipped towards £62, but this has still resulted in year-on-year price increases of 6-7%.
- Lamb retail sales figures from Kantar Worldpanel report a firm trading period in the 12 weeks after Easter, with GB household spending climbing nearly a fifth, and the pace of growth approaching 40% in the mid-June to mid-July period. 16.9% of households bought lamb during the 12 week period, up from 14.1% a year earlier, and the frequency of purchase rose too. However, the volume bought rose more slowly, up 10%, as retail price inflation was considerable at 8.3%. In the 12 weeks to August 9th, spending growth held firm on fresh and frozen lamb, with both rising by around a quarter on 2019, while inflation slowed a little, boosting volume growth.
- While UK sheepmeat imports showed year-on-year growth around Easter, they remained well below the five-year average for March and April, lagging 13.5%. In May and June, imports continued to run well below 2019 levels, down 23% and 14% respectively, and they were down by more than a third on the 2015-19 average.
- UK sheepmeat exports recovered in June after a weak spring, reaching a six-year high for the month. Volumes exceeded year earlier levels by 2.5% and were 16% higher than the 2015-19 average. They were also at a year-to-date high, whereas between 2015 and 2019, June exports were only fourth highest of the first half.
- Farmgate prices across the EU have generally looked firm this summer, with the average price for heavy lambs up 17% on last year and the light lamb average 13% higher. In France, lamb prices have been trending slowly higher since the beginning of July, with no dip after Eid al-Adha. At 6.80/kg (£6.16/kg) in the week to August 23, French lambs were priced 14% higher than last year.
- Wholesale lamb prices at the Rungis market in Paris have flat-lined in the second half of August after regaining the ground lost after Eid al-Adha. On August 28th, R grade 16-22kg carcasses traded at €7.40/kg (£6.60/kg) for French origin and €6.20/kg (£5.55/kg) for imports.
- If importers had to pay an EU tariff of 12.8% + €171.30 per 100kg, a €6.20/kg price for a 20kg carcass would have to fall to around €3.98/kg to still cost the importer €124. This is a reduction of 35.8%.
- The first month of store lamb trading has signalled a strong degree of confidence amongst buyers. Over a four-week period to August 22, spending on store lambs was 74% higher than in the same period last year, at just over £9m compared to £5.2m. At £63.44, the average lamb sold for 14.4% more than last year, while the number marketed rose by more than half to 142,300 head.
- In the third week of August, Blackface lambs traded at £47 and Suffolk lambs at £69, which were, respectively, 20% and 13% higher than in the same week of 2019. Texels have seen the highest number sold to date, at 36,600, while just over 30,000 Cheviots were sold over the four weeks, with the former averaging £67 and the latter £60 in the week to August 22.

Sheep Charts



Pigs Update

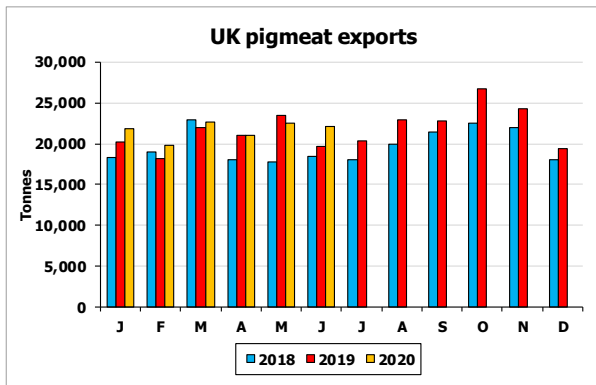
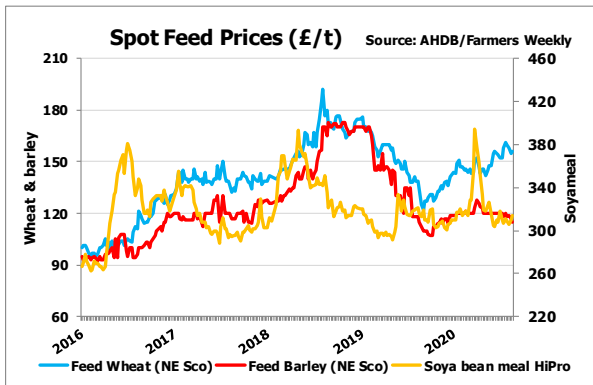
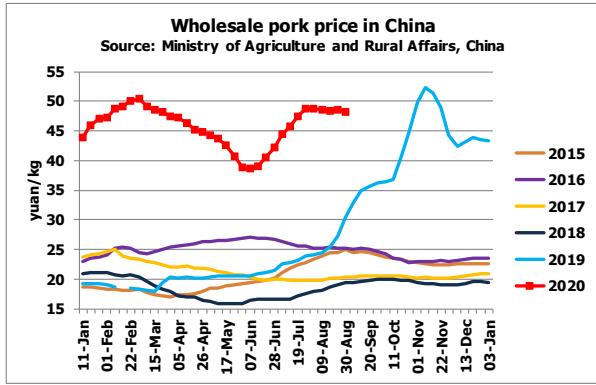
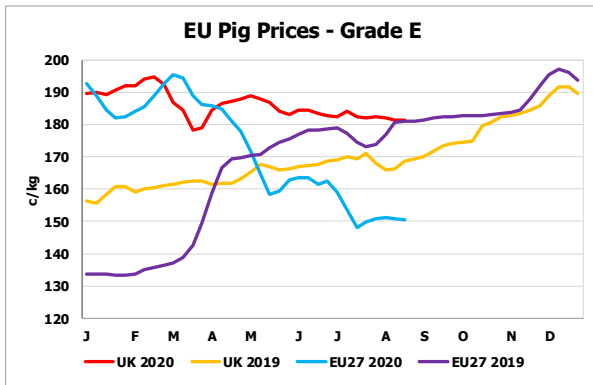
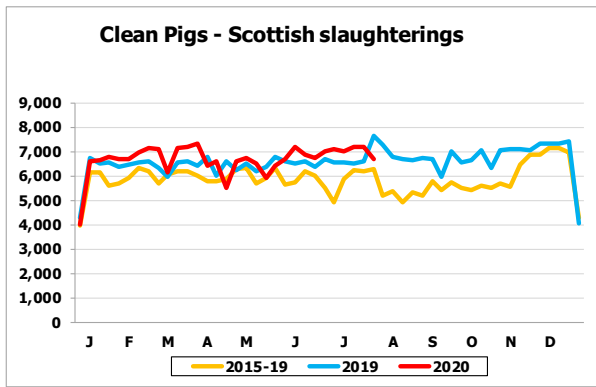
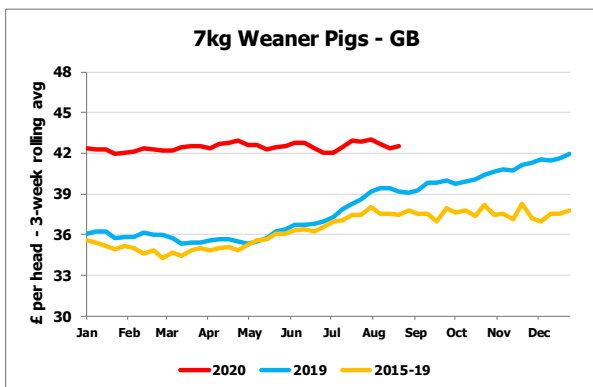
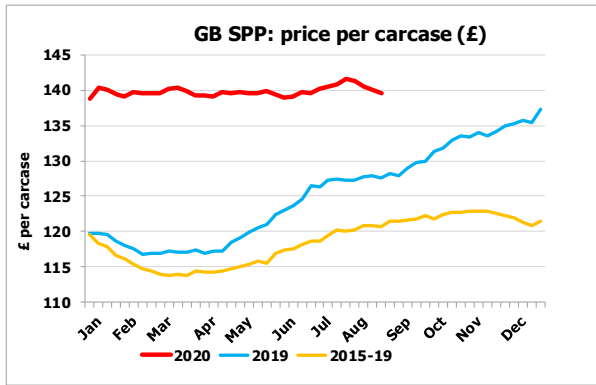
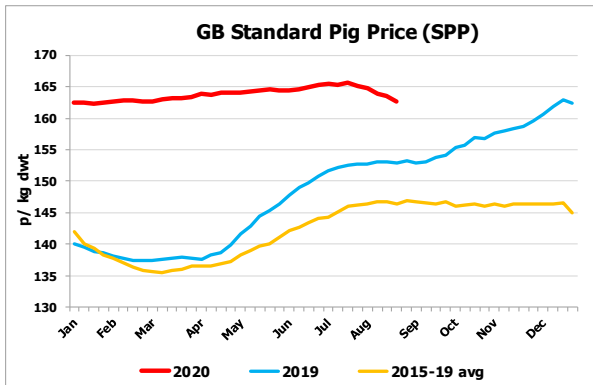
- Farmgate pig prices continued climbing seasonally until mid-July, but have since taken their traditional change in direction. However, the upswing in the GB Standard Pig Price (SPP) was slower than had been seen in 2019, resulting in a fall in the year-on-year rate of price increase from a peak of 18-19% between February and mid-April to 8.6% in mid-July.
- At their peak, prices had averaged 165.61p/kg, having opened 2020 at 162.4p/kg. Meanwhile, the price for 70-104.9kg carcasses peaked at 166.34p/kg.
- The seasonal downturn in prices since mid-July has been much steeper than the gentle trend higher through the spring, with the average price dropping 2.89p (1.7%) in five weeks to average 162.72p/kg in the third week of August, while the average for 70-104.9kg dropped 3.01p (1.8%) to 163.33p/kg. With prices proving more stable in July and August last year, the year-on-year increase has softened further, to 6.4%.
- However, rising carcase weights have offset some of the reduction in per kilo prices of late, underpinning overall carcase values. At £139.55, the average carcase was valued 0.9% less than in mid-July and matched late June levels.
- Carcase weights at reporting abattoirs have averaged around 85.7kg in the five weeks to August 22, compared to an average of 84.9kg between late March and mid-July, returning to where they had been in February and early March. While weights have been trending steadily higher in recent years due to health and performance gains, it is unusual for weights in August to be similar to those in early spring. This has been linked to export demand for heavier carcasses.
- Compared to a year ago, carcase weights were 2.3kg (2.8%) heavier at price reporting abattoirs in the third week of August, keeping the average revenue per head from prime pig sales 9.3% higher.
- Defra slaughter statistics for the UK indicate significant year-on-year growth in June and July, after a tightening in May, likely down to some disruption in processing capacity caused by COVID-19. June's weekly slaughter was up 3% on 2019 followed by an increase of 6.3% in July. July slaughter was the highest seen so far in 2020 on a weekly average basis, having averaged fifth largest of the first seven months between 2015 and 2019. May numbers had shown a decline of 12.8%, the only month to show year-on-year reduction so far in 2020. Slaughter in NI has risen throughout the year, lifting 6.6% in May and averaging 9% since March.
- At Scottish abattoirs, there was some evidence of disruption in May, with prime slaughter 1.5% behind 2019 and averaging 6,400 head per week while sow slaughter fell 14%. However, prime slaughter then recovered to average around 7,000 weekly through June and July, exceeding year earlier levels by 6% and 4% respectively. Sow slaughter was a quarter higher than last year over the nine weeks, averaging 273.
- Weaner prices continue to fluctuate within a narrow band of £42-£43 per head for 7kg piglets, equivalent to around 30.5% of the finished carcase value.
- Kantar Worldpanel reports the GB households spent 29% more buying pork than a year earlier in the 12 weeks to mid-July. However, growth did ease from a peak of around 36% between mid-April and mid-May to 21% in the four weeks to July 12th, with the slow reopening of workplaces, shops, cafes and restaurants leading to some

shift back towards eating outside the home over time. However, a higher share of households still bought pork from the retail sector than pre-pandemic, at 33% compared to around 30% in February and the same period of 2019. Price inflation showed signs of slowing from the highs of around 7-8% in the spring.

- GB household purchases of products like bacon and sausages out-paced fresh pork in the 12 weeks to mid-July, growing by closer to 40% year-on-year. Figures for the 12 weeks to August 9th point to continuing strong growth but that there had been some softening back below 30%.
- HMRC trade data points to continuing UK pork export growth in June with volumes exceeding year earlier levels by 15.6% and running 23% above their five-year average. However, trade in bacon & ham continued to run well behind 2019 levels, and, for a third month in a row, posted an eight-year low for the month.
- China/Hong Kong continued to drive UK pork export growth in June. Monthly export volumes were at a four-month low but surged 73.6% above June 2019 levels and accounted for 46.5% of the total volume exported.
- Chinese wholesale prices have shown a seventh week of stability, having previously recovered from a sharp spring fall between the beginning of June and early July. Indeed, wholesale prices have steadied at 48-49 yuan/kg (approximately £5.30/kg), up from just under 39 yuan/kg in early June, but below the February peak of 50 yuan/kg. Given strong price momentum from August to November 2019, the year-on-year price increase has been slowing rapidly from more than double in July to under half in the final week of August.
- China's Agriculture Ministry reports that as well as pork being in shorter supply and much more expensive than it used to be, additional barriers to consumption have been the holiday season and hot weather. However, in the second half of August, a very wet spell of weather has reportedly slowed the marketing of pigs, but the release of frozen pork from cold stores has been a factor keeping the market in balance.
- Highlighting the scale of the continuing shortage of pork in China, the US Meat Export Federation reported 444,000t of pork, ham, bacon and processed pork shipments from the USA to China in the first half of 2020. Meanwhile, EU exports of fresh and frozen pork topped 1,000,000t in the same period. Latest USDA weekly export figures show 9,500t of fresh, chilled or frozen muscle cuts were shipped there in the third week of August from the US.
- EU pig prices have been relatively stable since mid-July, having previously dipped 9% over three weeks after Germany's largest abattoir had to temporarily close due to a major outbreak of Covid-19 amongst its workforce, reducing competition for pigs in north west Europe.
- At the equivalent of £1.36/kg in the week to August 23, grade E carcasses were slightly above their mid-July low but still trailed year earlier levels and the UK average by 17%.
- While UK prices were down less than 2% from mid-March, the EU average trailed mid-March levels by 22.5%, highlighting the different market impact of Covid-19, with UK pork's retail focus helping underpin farmgate prices. Declines since March in Denmark, Germany and Poland have been around a quarter, with Belgium and the Netherlands seeing falls above 30%, but France, Italy and Spain's declines being closer to 15%.

- UK pigmeat imports picked up further from their April low point but were still 7.3% below year earlier levels in June. In addition, for a third month they trailed their five-year average by more than 20%. Pork imports were down by 8% on the year and by 19% on their 2015-19 average while bacon & ham volumes were lower by 6% on the year and 30% on 2015-19.
- In the US, pig slaughter numbers are now back growing at a 2-3% year-on-year rate, reflecting rising pig numbers after significant disruption in capacity through April and May, and that plants have adapted their working patterns to cope with increased supply while operating under restrictions. In August, farmgate prices have been trading at their highest levels since March but remain depressed by around 20% from early 2020 levels and by more than 40% from August 2019, at the equivalent of just 65p/kg. Wholesale prices of pork have risen slightly above their Q1 2020 average and by around 10% from their June low but still trail last year by 9%.
- London wheat futures for November delivery have risen since early August, reaching £169/t despite expectations of a rise in global stocks, as the US has been hit by a period of stormy weather and Argentine prospects have worsened. In North East Scotland, ex farm prices have risen back towards their July-ending levels of £160/t, with the UK market reportedly tight in the short-term. However, barley prices have eased to £115/t, widening the discount to wheat. While wheat has now become around 25% dearer than last year, barley remains broadly in line with 2019 levels.
- Soyameal prices were relatively stable between the beginning of June and mid-August, fluctuating around the £305-310/t mark, holding slightly below 2019 levels. However, the global market has been firming of late, driven by higher purchases of US soyabeans by Chinese importers. For UK importers and end users, a weakening US dollar had been offsetting any price rises until recently, but a further lift in the global market may be about to pass through, with Chinese buying continuing at a firm pace and recent stormy weather having an impact on production in the US Midwest. Ex store prices reported by Straights Direct pointed to a narrowing premium for Rosyth prices over English levels in August, having been elevated in July.

Pig Charts



Business Environment

Economic Activity:

Purchasing Managers Index (PMI) scores for July unsurprisingly showed improvement due to the loosening of restrictions supporting demand both for sales to consumers and in business-to-business transactions. After posting marginal growth in June, the manufacturing index rose to 53.3, while construction firmed similarly, from 55.3 to 58.1. Meanwhile, services returned to growth, climbing from 41.7 to 56.5, as 38% of firms reported increases compared to 24% reporting deterioration. Nevertheless, it should be noted that for many firms with improving prospects, activity remains well below previous levels and staffing requirements are being adjusted accordingly. The provisional August release signalled that this trend towards redundancies has continued despite further recovery in activity, with spare capacity remaining elevated and the furlough scheme being wound down. Scotland's composite indicator suggested a more stable business environment, rising from 37.1 to 49.3 in July, and the gap to the UK-wide score narrowed by three points as later reopening led to some catch-up.

Consumer Confidence and Spending

GfK NOP's consumer confidence survey reported that the index had stabilised in August having improved by three points in July to -27. While above the -34 reported in April and May, pessimism remains more significant than in 2019, when the index had been at -14 in August. On a brighter note, sentiment around personal finances in the coming year edged back into positive territory while attitudes towards major purchases were marginally less negative. However, the general feeling around economic conditions remained very negative and worsened a touch, while a net balance of respondents felt it was a good time to build savings.

VISA's UK monthly consumer spending report indicated that the recovery in July was strong enough for overall spending to rise by 2.4% on a year ago, as online sales offset continuing lower demand in-store. Food and drink spending growth slowed slightly to 21% while sales in the hospitality sector closed the gap on 2019 to within a fifth.

Exchange Rates:

	w/e 23/08/20	July 2020			w/e 25/08/19	July 2019		
		Low	High	Avg		Low	High	Avg
€:£	90.3p	89.6p	91.3p	90.5p	91.3p	89.0p	91.7p	89.9p
\$:£	76.1p	76.2p	80.3p	78.8p	82.1p	79.0p	82.3p	80.2p
NZD:£	49.9p	50.8p	52.4p	51.9p	52.6p	52.8p	54.4p	53.6p

Sterling continued to trade in a narrow band through July and into August, remaining historically weak, thereby underpinning the competitiveness of domestic product at home and overseas. Some positive UK economic news at the end of the third week of August on retail sales and business output led to a small boost in sterling but the overriding factor continuing to weigh on sterling is the deadlocked trade talks with the EU.

Meanwhile, both the US and NZ dollars have weakened due to negative economic sentiment on the back of increased Covid-19 cases. In NZ, a significant cluster of cases has been detected after more than three months without local transmission, resulting in the re-imposition of restrictions which had been removed within the country's international border.

Iain Macdonld, September 2020