



BIRTWISTLES

Market Report

JULY 2017

Market Report

JULY 2017



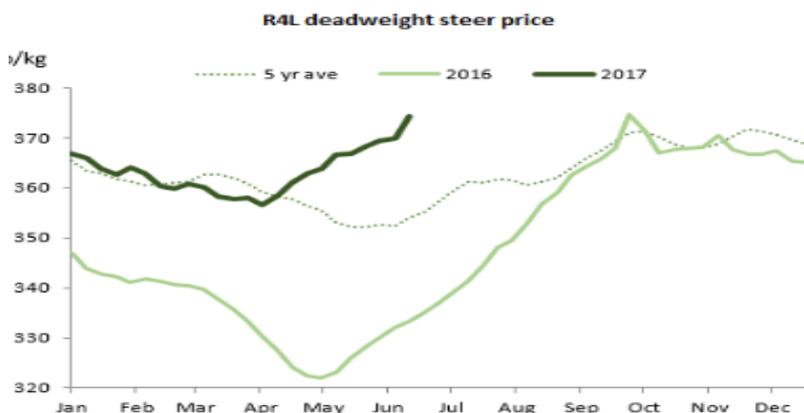
Beef - UK

Cattle prices on the up again

The rallying deadweight prime cattle market continued its trend again into the week ending 17 June, with price gains seen widely across all categories. Shortages of cattle are being reported as few grass finished stock are coming forward while numbers of yarded animals are in decline. Steers rose 4.4p on the week to 374.3p/kg. This price is now 39p higher than the same week a year ago. Young bulls rose 4p to 349p/kg. Heifers meeting R4L specification were priced at 373.8p/kg, again around 39p higher than a year ago after posting a weekly gain of 2.3p. The GB prime average rose by 2.85p, the biggest weekly gain since September to reach 361.68p/kg.

Cow prices also rose for GB as a whole, albeit at a slightly more modest rate, 0.6p however trade north of the border show more substantial gains, of 5p.

Estimated prime slaughterings were 32,600, up from last week's number of 32,500, which has been revised down following the release of official Defra figures.



Cattle throughput picking up

Defra figures show that 76,300 tonnes of **beef and veal** was produced in the UK in May, an increase of 5,200 tonnes over the previous month and 4% higher than in the same period last year. This takes the year to date total production to 372,100 tonnes, which is 1% higher than at the same point in 2016.

Prime cattle slaughterings amounted to 172,900 in May, which is 11,300 more than in April and 10,500 more than in May 2016, indicating higher deadweight prices are now drawing out supplies. However, the average carcase weight for prime cattle so far this year has been 351.5kg, down by over 2.5kg compared with last year. Cow numbers too picked up with 46,300 coming forward, which is an increase of over 7% in May compared to April, however numbers remain 5% behind year-to-date. This underpinned the continued strong prices for such animals both in the UK and on the continent as dairy cullings fall away.



Cattle market at a glance

GB Deadweight prices week ending 17/06/17			
		Price p/kg dw	p/kg change on wk
Steers	R4L	374.3	+4.4
	All	361.8	+2.9
Heifers	R4L	373.8	+2.3
	All	366.2	+2.8
Young bulls	R3	359.0	+4.1
	All	349.0	+4.0
Cows	-O4L	275.1	+0.6
	All	252.9	+2.8

GB Liveweight prices week ending 21/06/17			
		Price p/kg lw	p/kg change on wk
Steers		197.6	+2.6
Heifers		210.2	+7.0
Young bulls		189.0	+6.3
Cows		127.3	+1.6

GB Estimated slaughterings			
		17/06/17	10/06/17
Steers		16,700	17,000
Heifers		10,900	10,900
Young bulls		5,000	4,600
All prime		32,600	32,500
Cows		8,900	9,300

Source: AHDB/LAA/IAAS

Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers

Market Report

JULY 2017



Beef – Rest of the World

USA bans all fresh Brazilian beef imports

The USDA has announced the suspension of all fresh beef imports from Brazil due to “recurring concerns about the safety of the products intended for the American market”. This suspension will last until the Brazilian Ministry for Agriculture takes corrective action.

Brazil / South America

Beef exports from South America are dominated by Brazil but this country has not been without its problems in recent months. However, other exporters in the region have been increasing their trade so far in 2017 and largely offset the decline for Brazil.

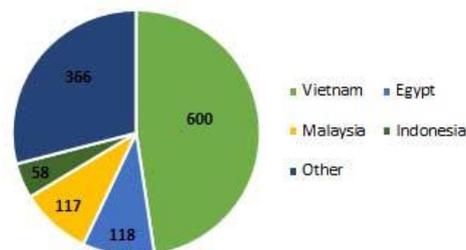
Brazilian exports were down by 8% or almost 24,000 tonnes in the first quarter of 2017 to 264,000 tonnes. In contrast shipments were up for Argentina, Paraguay and Uruguay with the combined total amounting to 186,000 tonnes up almost 19,000 tonnes or 11% on the first quarter of 2016. The largest market for these three countries is China, which accounted for almost 30% of the total trade for the three countries in the first quarter of 2017. Paraguay also supplies Russia and shipments for the three countries combined to Russia, were up 59% on January-March 2016. All three countries also supply the EU to varying degrees and shipments were up 4% on a year earlier and amounted to just over 20,000 tonnes. Other South American exporters could continue to take market share from Brazil in the coming months, export availability permitting. However, the scope for increasing their trade is somewhat limited given that the beef industries in all three countries are much smaller than compared with Brazil. In relation to EU imports, Argentina, Brazil and Uruguay are the three largest suppliers of fresh and frozen beef accounting for around 75% of the total, although the UK takes relatively little. But whether developments in South America have implications for global prices including the EU remain to be seen

India

India is the second largest exporter of bovine meat in the world with shipments of about 1.3 million tonnes last year. The Indian beef industry is largely based on meat from Buffalo (carabeef) and beef produced from culled dairy and working animals. The conservative Hindu Government has already banned the slaughter of traditional cows in a number of states and is now seeking to include Buffalo in the restrictions. The inclusion of Buffalo has the potential to severely restrict the output of the Indian Beef industry. If the ban were to be enforced this would obviously lead to a significant decrease in the amount of beef available in the market which could lead to higher prices. Most of India's beef exports are to the far-east including Vietnam and Malaysia.

Indirectly, with India accounting for around 20% of global beef exports, a worldwide beef shortage could also have wider-reaching effects. Even before the ban was introduced Indian exports were reportedly down 10% in April. Further reductions are inevitable in May with major exporters reporting that there could be delays in meeting

Destination of Indian beef exports by volume (000 tonnes)



Source: IHS Maritime & Trade- Global Trade Atlas®

Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers

Market Report

JULY 2017



orders. Redirection of some product towards the markets traditionally supplied by India, with the Chinese market especially critical, could leave gaps elsewhere in the world. If the problem continues and global supply tightens it could even benefit the UK beef industry.

With India clearly torn between traditional Hindu values and economics, the future of its beef industry remains uncertain. The Indian beef market will therefore remain one to watch over the coming months and years

Lamb

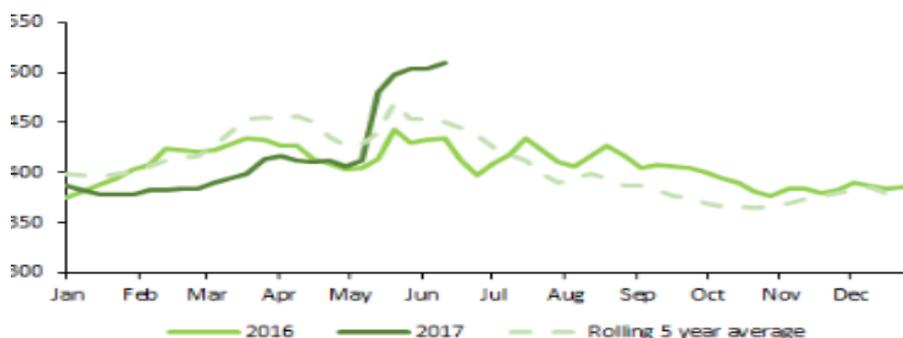
GB Lamb prices easing on Liveweight but not deadweight and heavy Lamb

Liveweight lamb prices have fallen in the latest week as prices begin to come back from the recent highs which have been recorded at GB auction markets.

In the week ended 21 June, the price fell by 12p compared to the previous week, leaving the measure at 225.5p/kg. Despite this weekly decrease, the price remains over 37p above the corresponding week in 2016, when prices were running at a lower level. The total number of spring lambs and hoggetts coming through GB auction markets amounted to 109,000, down 8% on the week. Reports have been suggesting that processors are seeking out heavy lambs, with numbers falling into the 45.6 – 52kg weight category back by 15% year on year, as more producers are marketing their light lambs whilst prices are holding up. Since last Thursday daily prices have been tracking lower week on week, however the GB SQQ on Wednesday 21 June settled at 224.1p/kg, marginally up on the week.

The deadweight market has bucked the trend which has been present in the liveweight sector for the last two weeks. In the week ended 17 June, the GB NSL SQQ increased once again to reach 509.4p/kg. This weekly increase of over 5p resulted in the SQQ staying above £5/kg for the third consecutive week. When compared to the same week in 2016, prices for spring lambs are currently ahead by 97p. Estimated slaughterings were up on the week, by 6% as more producers are being drawn in by the strong prices.

Deadweight GB SQQ



Sheep market at a glance		
GB Liveweight prices week ending 21/06/17		
	Price p/kg lw	p/kg change on wk
Lambs SQQ - OSL	169.8	-3.2
Lambs SQQ - NSL	225.5	-12.2
	£ per head	£ change on week
Cull ewes	72.2	+1.3
Store lambs - OSL	51.7	+0.7
Store lambs - NSL	55.0	-4.7
Deadweight prices week ending 17/06/17		
	Price p/kg dw	p/kg change on wk
GB lambs SQQ - NSL	509.4	+5.1
European prices week ending 18/06/17 (converted from €)		
United Kingdom	506.2	+5.5
Republic of Ireland	468.5	+14.0
France	550.7	+17.7
EU-25	502.5	+7.8
Estimated slaughterings (lambs)		
	17/06/17	10/06/17
Great Britain	242,400	228,100
Northern Ireland	8,800	8,800
Republic of Ireland	50,000	40,700
Source: AHDB/LAA/IAAS, EU Commission, Bord Bia, DAERA		

EU

Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers

Market Report

JULY 2017



EU heavy Market take off

The EU heavy lamb market, including in the UK, has moved up sharply in recent weeks with shortages of new season's lambs coinciding with stronger demand. Ramadan, which started on 26 May, with the festival of Eid on June 25 moves forward 10 days each year. This year it thus coincides with the time when the supply of lambs is especially tight in Northern Europe. At the same time, early lambs have finished somewhat later than normal because of the adverse spring weather. By early June the EU heavy lamb prices had moved up by 20%, to €543 per 100 kg dw, compared to early March. It was 5% higher than a year earlier. The UK is by far the largest heavy lamb producer, and has a weighting of 50% in the EU price, and developments have applied equally to the UK.



Lamb - Global

New Zealand and Australia

There is clearly a change taking place in the global lamb situation with supplies tightening and prices rising sharply especially in New Zealand and Australia. This in turn has contributed to the firmness in EU prices in recent weeks. There have been major shortages of New Zealand and Australian lamb on the EU market in 2017. EU sheep meat import data indicates a reduction of 20% on a year earlier. Similar developments seem inevitable in June given the further fall in New Zealand exports to the EU. The firming global market has also contributed to the increase in EU exports. They might still be small, at only 9,100 tonnes, but were up 140% on January-April 2016. Trade appears to be recovering to Hong Kong and was up 170% but there were phenomenal increases in shipments to the Gulf States of the Middle East. This market is normally dominated by New Zealand and Australian product.

As the rest of the year progresses it will be interesting to see whether the tightening global supply situation will continue to influence price developments and whether the EU price will remain above that of a year earlier. The seasonal decline in prices though has now started as supplies of new season's lambs are building up but this will take time to filter through the supply chain.

Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers

Market Report

JULY 2017



Pork

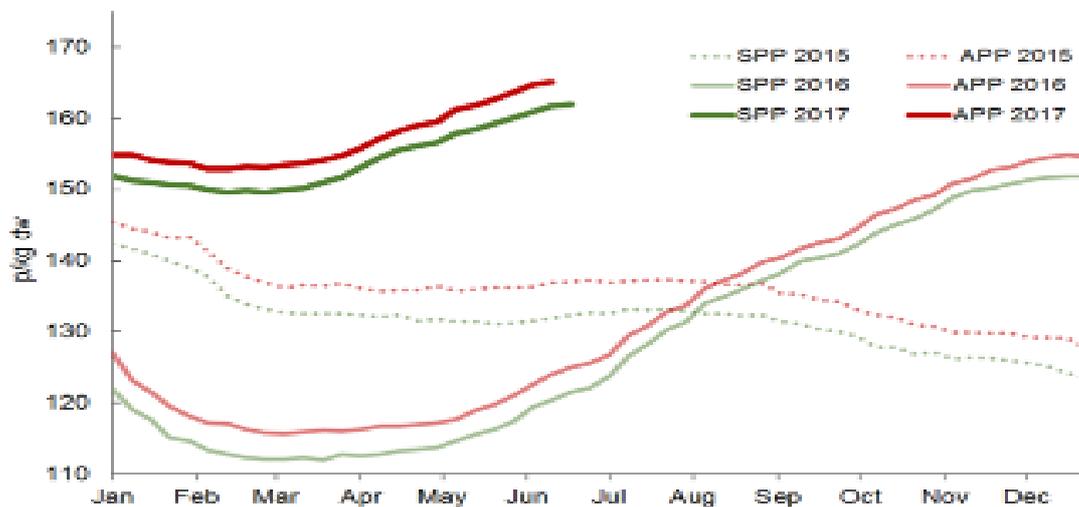
Pig prices UK

The UK-spec SPP (Standard Pig Price – only concerned with standard Pigs) rose by 0.21p in the week ending 17 June to 159p/kg, as supplies have been reported to have further tightened. This price rise continues the rally that has recorded price levels not seen in three years, and more than 40p higher than the equivalent week in 2016.

In week ended 10 June, the UK-spec APP (All Pig Price – includes specific breeds such as freedom foods) recorded a rise of 0.45p to stand at 162.17p/kg. The increase in the APP was lower than that in the SPP, and so the gap between the two series narrowed slightly to 3.38p after having widened during the two previous months. The average probe measurement again fell, to 11.0 mm, and was down as much as 0.3 mm compared with a year earlier.

GB slaughterings confirm the tighter supply situation. For the week ended 17 June they were estimated at 161,100, down by 4,200 compared with the previous week's figure, and the lowest throughput since Easter. Compared to a year earlier they were down by 6,600 head or 4%. Carcase weights ended the week at 84.20kg.

GB finished pig prices



Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers

Market Report

JULY 2017

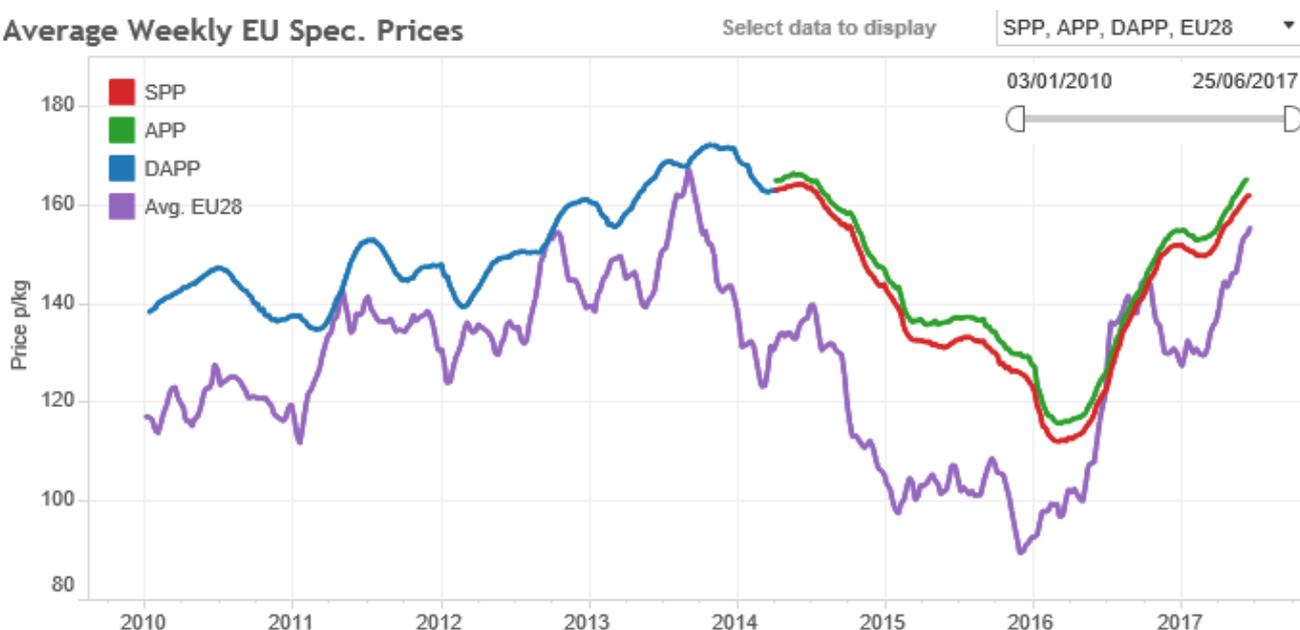


Pig prices EU

The EU-spec SPP rose by 0.21p in the week ending 17 June to 161.91p/kg, as supplies have been reported to have further tightened. This price rise continues the rally that has recorded price levels not seen in three years, and more than 40p higher than the equivalent week in 2016.

In week ended 10 June, the EU-spec APP recorded a rise of 0.45p to stand at 165.13p/kg. The increase in the APP means the gap between the two series narrowed slightly to 3.22p after having widened during the two previous months.

Average Weekly EU Spec. Prices



UK and EU demand for Pork decreasing due to high prices

Consumer demand for pig meat in key EU markets continues to struggle in 2017 and it is more export demand that is supporting the EU market. Fresh pork has been under the greatest pressure as processed products have held up better. What is happening to domestic demand in supporting the EU pig meat market in the coming months could be crucial as EU export markets are becoming more competitive especially China. Another issue for the sector is that increased finished pig prices are causing some retail pig meat price inflation. This is occurring at a time when consumers are having to tighten their belts as inflation is getting closer to real earnings growth in the EU.

The key German pig meat market has declined the most and by 7% on a year earlier, for fresh pork. This is even greater than the 4% decline of 2016. The pork price rise, of 4%, was considerably higher than for other meats so eroding its competitive position. It is a similar story in other EU countries: In France consumer demand has dropped by 3%, in Italy it has dropped by 5% and in the UK it has dropped by 1.5%. The increasing pig prices with consequent increased retail pig meat prices will inevitably meet consumer resistance at some stage although processors margins have also had to fall. Such price developments would inevitably have consequences not only for the EU as a whole but also the United Kingdom.

Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers

Market Report

JULY 2017



UK Poultry – Poultry and Poultry Meat statistics (Defra for MAY 2017 compared to May 2016)

UK commercial layer chick placings were down by 21% to 3.5 million Chicks

UK Broiler Chick placings were up by 6.3% at 80.9 million chicks

Turkey Chick placings were up by 4.4% at 1.0 million chicks

Turkey slaughtering's were up by 5.2% at 1.1 million birds

UK broiler slaughtering's were up by 6.6% at 79 million birds

Total UK poultry meat production was up by 8.4% at 145.2 thousand tonnes.

Poultry – Global Issues

The market is tightening up

Two more Poultry factories in Brazil have now been banned from exporting to the EU. The net result is that there is now a shortage of frozen Poultry on the market which is leading to more fresh poultry being purchased which in turn is leading to pressure on prices.

While Avian flu is by and large contained within the UK it is still a factor across Europe with some farms being quarantined and thus unable to put down new flocks which in turn means less raw product available.

The summer trade across the EU along with the warm weather has increased Chicken sales especially for the BBQ trade. This along with several supermarket promotions is again putting pressure on prices. The high temperature has also caused more bird deaths and condemned Chickens with high micro tests. There is also increased demand for Poultry due to the current high prices on Pork as consumers look for a cheaper alternative protein.

In short there are increased demands and less raw material available to satisfy demand which is putting prices under severe pressure.

Foodservice Inflation

Foodservice inflation hit 9% in May, the highest level in nearly nine years, the latest CGA Prestige Foodservice Price Index has revealed. The rate of inflation is a significant increase on the figure of 5.8% in April. It is also more than four times as high as inflation in the equivalent Consumer Price Index, which measured 2.0% in May, according to the Office for National Statistics. It marks the sharpest inflation in foodservice prices since August 2008, and for the third month in a row, foodservice prices were higher year-on-year across all ten sub-categories measured by the index. The weak pound, political uncertainty surrounding Brexit and fluctuating oil prices have all added to inflationary pressures.

Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers

Market Report

JULY 2017

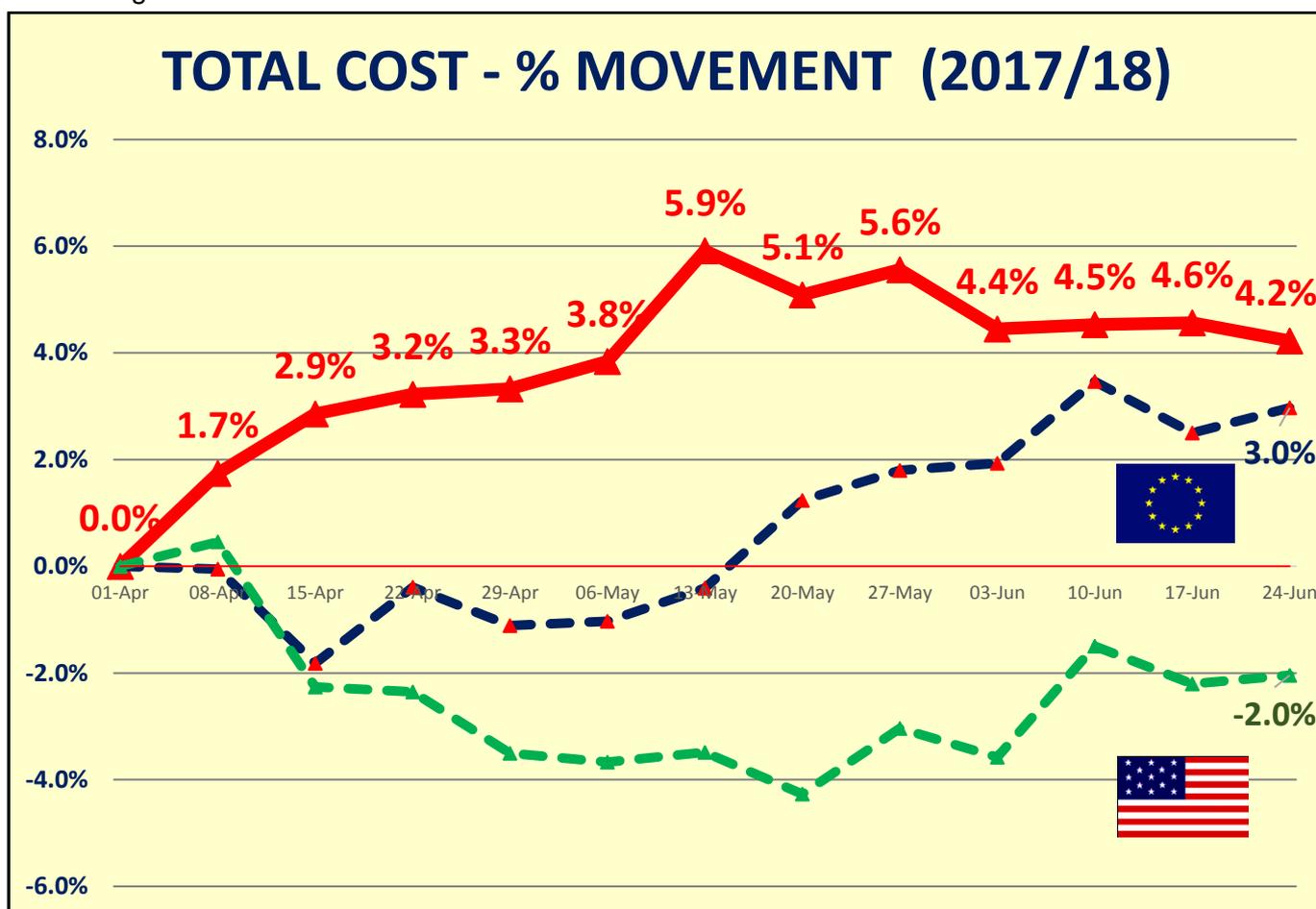


Currency

The pound has fallen recently against the Euro and now today stands at 1.13 Euros to the pound. The pound has fallen since the General Election result which is a far cry from when the Election was announced when it stood at 1.20.

Cost Movement Report

The graph below shows the increases in the market prices of all raw products since 1st April 2017. The graph clearly shows that raw material prices have increased and the forecast is for further increases over the coming months.



Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers