



BIRTWISTLES

Market Report

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Beef

UK – UK cattle prices have continued to increase throughout July. This continues the bullish trend that has been taking place in the GB cattle market since around the end of April. Overall, this means that prime cattle prices have now almost recovered to levels seen at the beginning of this year.

Official figures from June (July figures not yet available) have shown a 3% increase (at 161,400 head) of throughput compared to the same month in 2015.

This now means that, in the first half of the year, prime cattle kill numbers are just over two per cent up on the same period last year at 984,000 head. However, cow throughputs are up almost 11 per cent, or 30,000 head at 274,000 head. With carcase weights trending lower for much of the year so far, significantly in the case of young bulls, there has been an impact on production. In the first six months of the year, production is up three per cent, or 12,000 tonnes, year on year, at 445,000 tonnes.

North America – News coming from the US recently stating that they are preparing begin importing beef from the UK for the first time in 20 years will mean that UK producers will be gearing up to obtain the relevant accreditation in order to get their piece of the estimated £35 million pie. Although the ban is not due to be lifted until January 2017 it will mean that supply will begin to tighten as we approach the busy Xmas period.

South America – As well as successful trade agreement negotiations with the UK, the USDA have also agreed a two way trade deal with Brazil meaning that the import ban imposed on the US in 2003 will be lifted within the next 3 months. This deal is set to significantly improve Brazil's position on the international market. Brazil have recently overtaken Australia as the biggest exporter into China (an increase of 75 so these developments will only cement their status as a global beef super power.

Trade Data for 2016 shows that Brazilian exports have increased by over 80,000 tonnes on the year, demonstrating that South America is dominating the global beef market. Although Brazil is leading the way, Argentina and Uruguay are also increasing significantly.

Europe – Europe is the most stable beef production region right now, with prices strengthening slightly, supported by steady exports, in particular to Turkey, despite ample availability of beef and low prices of competitive proteins. Also, it has been confirmed that Ireland have been given the green for the export of live cattle into Turkey. Primarily the focus will be towards animals under 1 year old and 300kgs.

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Lamb

Following price rises in the past two weeks, which have been attributed to the fall in the strength of the pound, the price of live weight lambs has begun to follow a more normal pattern in the last week, and fallen.

In the week ended 20 July, market prices fell by 12p compared to the previous week, to 188.7p/kg. This remained 38p higher than the same week in 2015 as the currency situation remains more favourable to exporters, while supplies remain tighter than the same week in 2015. Prices are thought to have dropped in the week as they follow their normal seasonal pattern for this time of year. Declines were seen throughout the period, with the GB SQQ on Wednesday 20 July falling by 5p to 185.7p/kg.

The fall in deadweight price seen in the past week has come despite a decline in the number of throughputs, with numbers coming to GB auction markets down 11 per cent on the previous week. This left numbers four per cent below the same period a year earlier.

Pork & Bacon

Slaughter numbers remained low throughout July which has continued to support the increasing price in pig meat. Market unpredictability has made it difficult for producers to balance carcasses which means there are a lot of deficits but also some surpluses.

As the weather remains temperamental and the BBQ season is yet to take hold. A result of this has meant that back prices have softened in recent weeks meaning increases in bacon prices have suddenly receded. A recent press release from Danish Crown (one of Europe's biggest pig producers) states that they are experiencing "weak summer demand" for a whole host of meat cuts and that they are exporting its pork at slightly lower prices and believes the "peak" of the summer has now passed.

However looking further ahead the continued Chinese import demand is predicted to support the global pig prices throughout the 3rd quarter of 2016.

Poultry

UK chicken production increased by 0.5% year on year to 72.8 million birds showing a strengthening domestic market. UK chicken meat prices have stayed firm throughout July and availability has remained stable due to the inconsistent weather we have seen so far this summer.

EU prices increased at the beginning of the month due to the value of the pound on the back of Brexit. However there have been some stability in recent weeks and prices are expected to level out throughout August.



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