



# BIRTWISTLES

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*Market Report*

October 2016

# Market Report

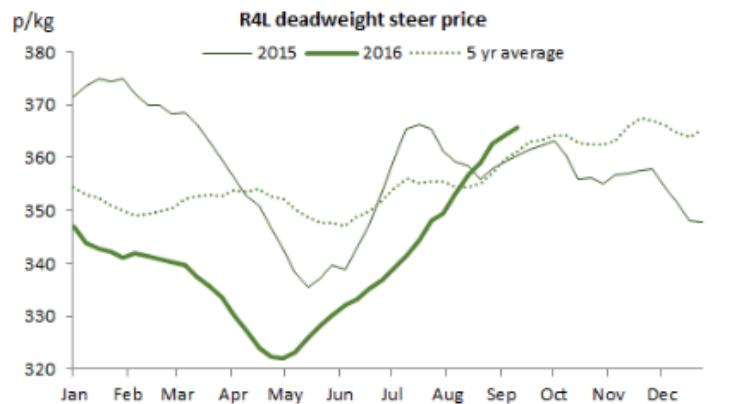
## October 2016



### Beef

**UK – GB cattle prices** have now increased consistently for four months and this trend is showing no signs of shifting short term. Steers meeting the ideal R4L specification have increased by 11p throughout September.

With lower amounts of imported product, demand on domestic beef has strengthened. Imports from Ireland has reduced by 20%, while imports from the Netherlands and Poland have dropped 40% and 30% respectively. Movement away from imported product is most likely a reflection of the devaluation of the £ against the € making European beef less attractive to UK buyers.



### South America

**Brazil** - This month has seen Brazil become operational in the US market with the first containers carrying Brazilian fresh beef leaving destined for the US last week (W/C 17<sup>th</sup> Sept). Marfrig are the first suppliers to send shipment with JBS poised to follow suit. Brazil production has seen an increase in the second quarter of 2016 (7.63 million head). This number was 4.5% above that of quarter 2015 and it has been forecasted that production will increase a further 2% in 2017.

**Uruguay** – It has been reported that next month Uruguay will enter into a Free Trade Agreement with China, showing signs that focus will be directed towards increasing export numbers. The UK is also said to be in discussion with Uruguay regarding a similar agreement.

**Argentina** – Exports have grown in number and in prices throughout September with China now buying more than 35% of all the country's exported beef.

**North America** – US beef exports were as Japan (+6%), Mexico (+24%) and South Korea (+36%) leading the increases. US beef prices continue to decline due to increased domestic production. US end users are beginning to make the switch to domestic product as it is now becoming better value.



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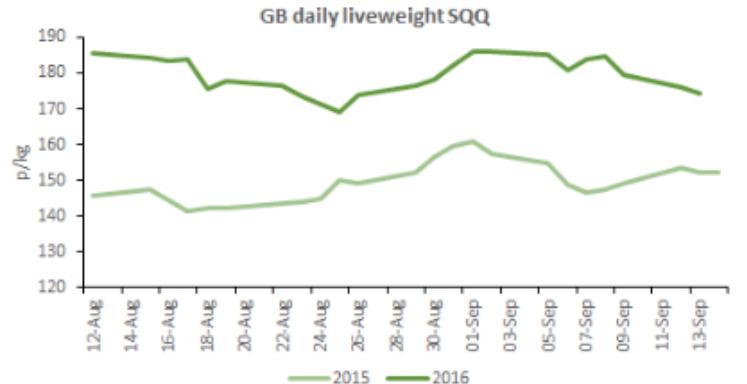
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### Lamb

With UK demand returning to normal levels and supplies falling slightly it was a surprise that the Lamb prices dropped consistently throughout Sept but are still £0.28 higher than the same time last year.

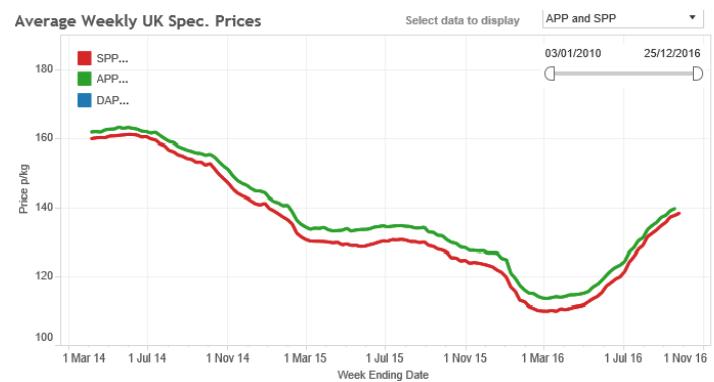
Imported lamb will remain tight with far eastern influences still having a major impact on lamb coming out Australia and New Zealand. Looking further ahead, following the announcements from some major retailers that all their Lamb (where possible) will be sourced from the UK will mean the outlook on both imported and domestic Lamb is bleak.



### Pork & Bacon

The UK spec price rose again throughout September with prices raising above £1.40 for the first time in over 18 months. Slaughterings fell by 2% compared to August and 8% compared with the same period in 2015.

European pig herd numbers continue to decline resulting in tightening supply and an upward trend in EU pig prices. This decline was mainly down to German and Danish herd reducing by 3%. EU export numbers continue to increase with tonnage numbers increasing by 43.8% compared with the same time last year.



### Poultry

EU and UK chicken prices remained stable since the initial disruption of Brexit. Prices from the EU will remain "stand on" throughout October with UK prices likely to follow suit. Longer term. Prices are likely to come under threat following from a reduction of 5% in Chinese production in 2016 with further declines in 2017 estimated to be circa 10-15%. This will result in pressure in UK and EU markets.

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