



# **BIRTWISTLES**

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*Market Report*

NOVEMBER  
2017

# Market Report

## NOVEMBER 2017



## UK Beef

### GB Cattle prices remain stable

In the week ending 28 October, the GB all prime average cattle price recorded a marginal decline on the previous week of 0.41p to 359.61p/kg. The latest quote is now 10.14p above year earlier levels. Estimated prime cattle slaughterings over the same period fell by 1% on the week to 31,700 head. It has been reported that available supplies are starting to tighten somewhat as animals are coming off pasture. Furthermore anecdotal comments suggest that some processors may be increasing demand over the coming weeks.

Overall steer price fell by 0.8p at 375.7p/kg. Heifer prices also declined on the week with the overall measure losing 1.2p and R4L carcase prices down by 2.1p to 372.6p/kg. Young Bull prices rose by 4.5p on the week to 338.7p/kg while those meeting R4L specifications rose by 4p to 350.1p/kg.

### UK breeding herd declines

According to data released by Defra, there has been a slight decline in the UK breeding herd as at June 1<sup>st</sup> 2017. Both the dairy and beef breeding herds contracted by around 0.5% on the year. Despite the improvement, at least in the short term, in the dairy prices, the effects of the sustained period of low milk prices may continue to be felt for a while longer. Therefore the dairy herd is expected to decline slightly in size over the next couple of years both in the UK and continental Europe.

Calf registrations have fractionally declined during the first eight months of 2017 compared to the same period last year.

## Irish Beef

### Ireland beefs up its cattle production

At the beginning of the year, Bord Bia forecast an increase in the number of finished cattle supplies in Ireland of 100-110 thousand head, or 6% compared with 2016, driven by an increase of 130,000 in calf registrations in 2015. Combined with little expected change in carcase weights, this could lead to an increase in export availability of 6%, to 565,000 tonnes (cwe). In 2016, beef available for export was 535,000 tonnes. In March the forecast for export availability in 2017 was revised down slightly from previous projections to 555,000 tonnes, which is still 4% higher year on year.

Year to date Irish cattle slaughterings (January – August), rose by 7% compared with the same period in 2016, although carcase weights have been fractionally lighter, according to data from the Central Statistics Office. Together this means beef production has totaled around 400,500 tonnes so far in 2017, just over 5% more than a year earlier.



### Cattle market at a glance

GB Deadweight prices week ending 28/10/17			
		Price p/kg dw	p/kg change on wk
Steers	R4L	375.5	-0.8
	All	360.1	-0.5
Heifers	R4L	372.6	-2.1
	All	362.2	-1.2
Young bulls	R3	354.6	-2.4
	All	338.7	+4.5
Cows	-O4L	260.8	-2.1
	All	230.8	-3.6

GB Liveweight prices week ending 01/11/17			
		Price p/kg lw	p/kg change on wk
Steers		189.5	-1.2
Heifers		203.1	-1.3
Young bulls		188.9	+0.6
Cows		109.5	+2.3

GB Estimated slaughterings		
	28/10/17	21/10/17
Steers	16,863	16,768
Heifers	12,112	12,500
Young bulls	2,716	2,871
All prime	31,692	32,139
Cows	11,586	11,163

Irish cattle slaughtering



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## International Beef

### USDA forecasts growth in beef and Veal production

The latest outlook from the United States Department of Agriculture (USDA) forecasts global beef and veal production to rise nearly 2% on the year in 2018 to 63 million tonnes, with the US and Brazil accounting for half of all growth.

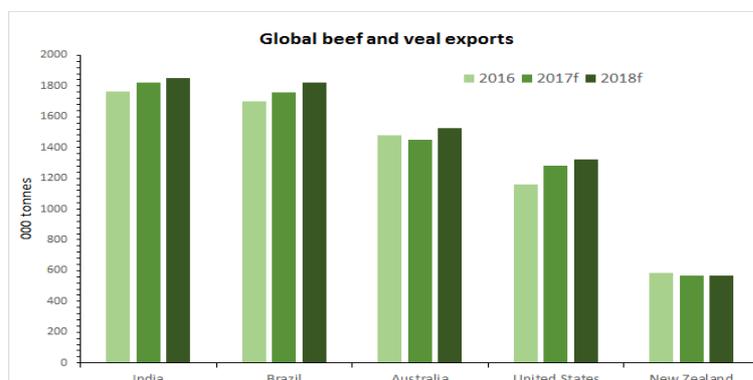
Within this, US production is expected to increase by nearly 3% to 12.4 million tonnes, as the US herd expands for the fourth consecutive year. Elevated supplies and relative weakening of the US dollar are anticipated to maintain lower prices, increasing competitiveness and boosting exports to Mexico, Canada, and East Asia.

Following major losses from drought last year, Australian herd regrowth has further contributed to the projected rise. Increased exports from Australia into the Asian market are suggested to offer renewed competition with the US, which is amplified in Japan, where tariffs on US frozen beef imports are increasing as Australia's tariffs shrink.

Brazilian production is projected to rise 3% on the year to 9.7 million tonnes in 2018. Potential limitations resulting from allegations of unsafe meat processing earlier in the year are noted, although exports have seemingly recovered to near record levels since the scandal. South American countries currently dominate supply to China, which will be aided by expansion of the Argentinian herd and strengthening Uruguayan exports in 2018.

China, the world's second largest beef importer, is forecast to account for 13% of global trade in 2018, with imports set to rise 11% in 2018 as a result of robust demand and stagnant production. Although US beef imports were re-enabled in May, shipments remain constrained in the short-term, following 13 years of blocked access in the wake of BSE concerns.

Global beef and veal exports in 2018 are expected to rise by 3% to almost 10.1 million tonnes, with demand in East Asia continuing to drive trade. Nevertheless, oil prices are likely to remain relatively low, which may hinder economic growth and potentially subdue beef demand in oil producing regions.



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## Lamb

### Little change in Lamb prices.

During the week ending 1 November the GB liveweight NSL SQQ remain firm at 166.51p/kg, just a 0.5p fall on the week. The quote is just 0.28p above the same week last year. Daily prices have fluctuated throughout the week, with Wednesday 1 November recorded a price of 165.77p/kg.

Auction market throughputs remained firm compared to last week at 111.7 thousand head, however this is 10% lower than the same week last year. Cull ewe throughputs declined compared to last week by 2% and totalled 41.5 thousand head.

During the week ending 28 October GB deadweight NSL SQQ recorded a decline of 1p, to stand at 385.4p/kg. However, this is almost 9p higher than the same week last year. Estimated slaughterings remain firm on last week, at 278.6 thousand head.

### Cull Ewe throughputs down on September

Cull ewe throughputs traditionally reach their seasonal peak in September and October, when producers refine their flocks for the coming breeding season. However, this year cull ewe auction market throughputs appear to have bucked this trend.

Auction market throughputs of cull ewes in September fell by 10% (18,700 head) on the year and 16% (34,500 head) on the month to 176,900 head. However, in July throughputs climbed by 12% (22,200 head) on the year to 205,600 head. Likewise, in August cull ewe auction market throughputs were 8,900 head or 4% up on year earlier levels at 211,400 head.



### Sheep market at a glance

#### GB Liveweight prices week ending 01/11/17

	Price p/kg lw	p/kg change on wk
Lambs SQQ - NSL	166.5	-0.5
	£ per head	£ change on week
Cull ewes	49.11	-0.3
Store lambs - NSL	50.59	+1.7

#### Deadweight prices week ending 28/10/17

	Price p/kg dw	p/kg change on wk
GB lambs SQQ - NSL	385.4	-1.0

#### European prices week ending 22/10/17 (converted from €)

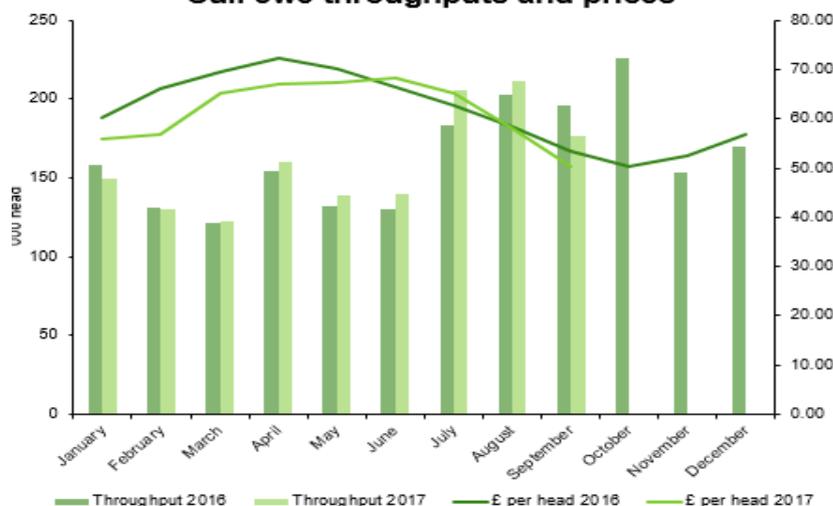
United Kingdom	383.4	-2.6
Republic of Ireland	370.5	-1.3
France	574.3	+0.1
EU-25	430.9	-1.9

#### Estimated slaughterings (lambs)

	28/10/17	21/10/17
Great Britain	278,609	278,697
Northern Ireland	10,044	9,415
Republic of Ireland	53,601	45,267

Source: AHDB/LAA/IAAS, EU Commission, Bord Bia, DAERA

Cull ewe throughputs and prices



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### German imports rise.

Germany has a growing demand for sheep meat even though Germans have not traditionally eaten large quantities. The sheep industry is small with just 1.1 million breeding ewes, according to the EU Commission. Germany is only around 40% self-sufficient in production, so imports are vital as to meet consumer demand.

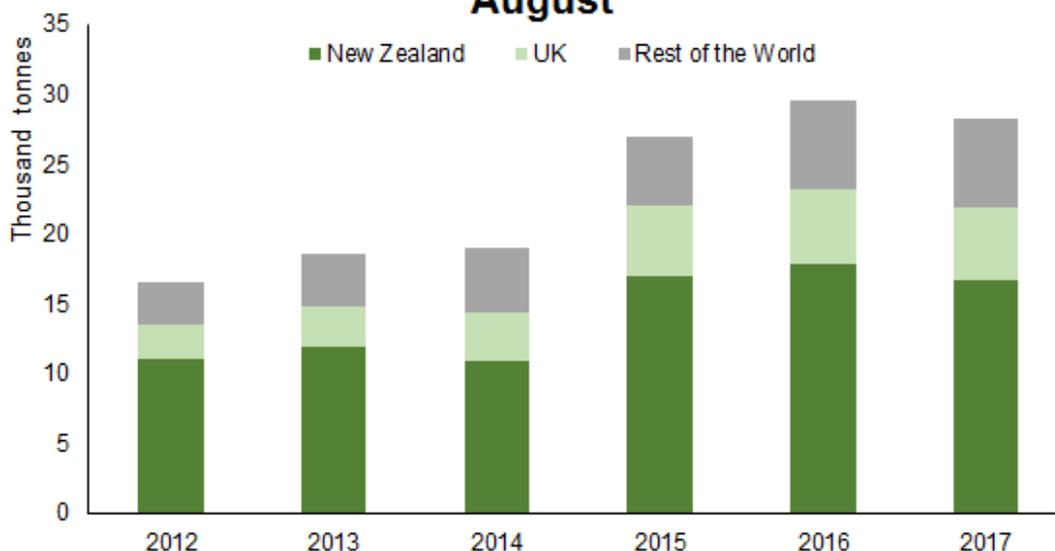
Germany has a similar annual production cycle as the UK, lambing early in the calendar year with higher slaughterings later on. Again, similar to the UK, high quantities of lamb are imported from New Zealand to meet Easter lamb demand. Very little sheep meat is exported from Germany, in the year-to-date sheep meat exports total just 4.4 thousand tonnes with much of this going to other EU countries.

Total sheep meat imports in 2016 were 40 thousand tonnes, the highest level since 2011, according to data from Statistics Germany. During the first 8 months of 2017 sheep meat imports were 4% (1.3 thousand tonnes) down compared to the same period last year, to 28.2 thousand tonnes. Quantities from both New Zealand and the UK recorded year-on-year declines. New Zealand reduced its market share while the UK gained, however New Zealand still has over three times as much market share as the UK.

Domestic production in Germany has remained stable for several years, while demand has risen, meaning Germany's level of self-sufficiency is in decline. Domestic production in 2016 totaled 22 thousand tonnes. In the first seven months of 2017 production has totaled 12 thousand tonnes, the same level as in the same period in 2016.

Whether the UK can continue to gain larger market share will depend upon New Zealand production and also UK meat meeting the demands of the German consumer. UK lamb would also need to remain competitive on price in the German market place.

### German sheep meat imports, January - August



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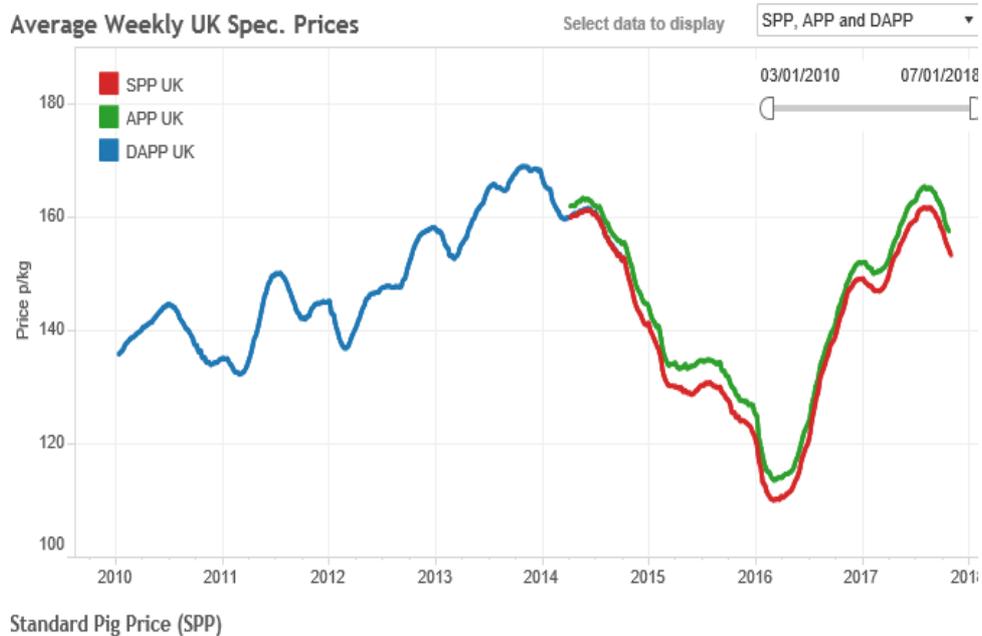
## Pork

### Pig prices UK

In the week ended 28 October the UK-spec SPP recorded another decrease on the previous week, falling 1.02p to 153.24p/kg. While this quote remains almost 9p above year earlier levels, this is the first time the premium over the previous year has fallen below the 10p mark since September 2016.

Estimated slaughterings edged 1% ahead of the previous week to 178.85 thousand head, which was also 2% above year earlier levels. Increasing supplies are likely adding pressure to prices at present. Accentuating this, carcasse weights remained strong in the week, with the average for the SPP sample standing at 86.20kg. Although, this was marginally (60g) lower than the average for the previous week.

The UK-spec APP fell by 0.64p in week ended 21 October to 157.51p/kg. This was the ninth consecutive week of price declines for the series, with the most recent figure now standing around 12p higher than year earlier levels. The gap between the APP and the SPP for the same week widened to 3.25p, as the SPP recorded a slightly sharper decline.



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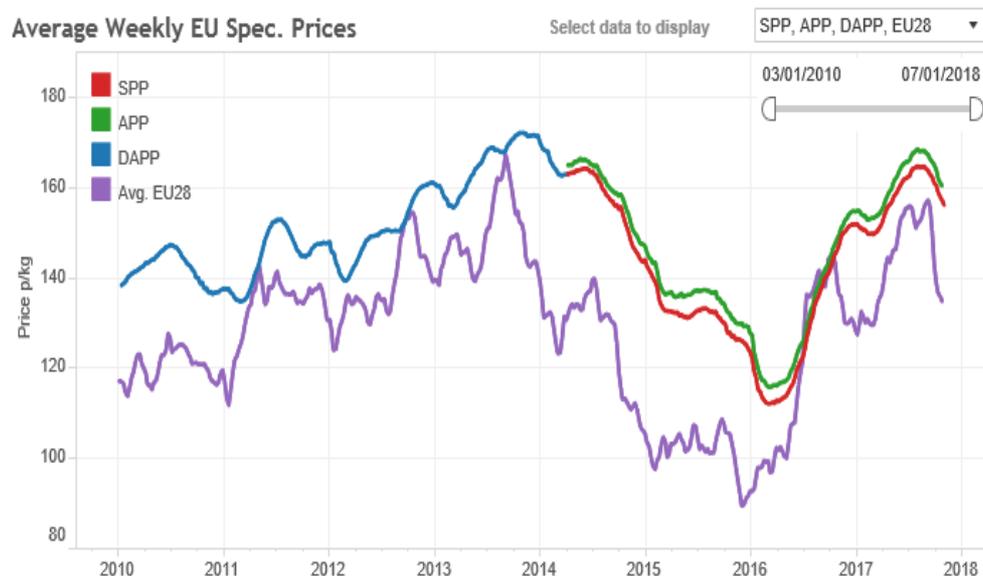


### Pig prices EU

In the week ended 28 October the EU-spec SPP recorded another decrease on the previous week, falling 1.04p to 156.03p/kg. While this quote remains almost 9p above year earlier levels, this is the first time the premium over the previous year has fallen below the 10p mark since September 2016.

Estimated slaughterings edged 1% ahead of the previous week to 178.85 thousand head, which was also 2% above year earlier levels. Increasing supplies are likely adding pressure to prices at present. Accentuating this, carcass weights remained strong in the week, with the average for the SPP sample standing at 84.66kg. This is 1.6kg above year earlier levels, though marginally (70g) lower than the average for the previous week.

The EU-spec APP fell by 0.66p in week ended 21 October to 160.36p/kg. This was the ninth consecutive week of price declines for the series, with the most recent figure now standing around 12p higher than year earlier levels. The gap between the APP and the SPP for the same week widened slightly to 3.29p, as the SPP recorded a slightly sharper decline.



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## UK Poultry – Poultry and Poultry Meat statistics (Defra for September 2017 compared to September 2016)

UK commercial layer chick placings were up by 13% to 3.1 million Chicks

UK Broiler Chick placings were up by 2.0% at 80.3 million chicks

Turkey Chick placings were down by 19% at 1.6 million chicks

Turkey slaughtering's were up by 20.0% at 1.3 million birds

UK broiler slaughtering's were higher by 7.8% at 82.2 million birds

Total UK poultry meat production was down up 8.7% at 148.5 thousand tonnes.

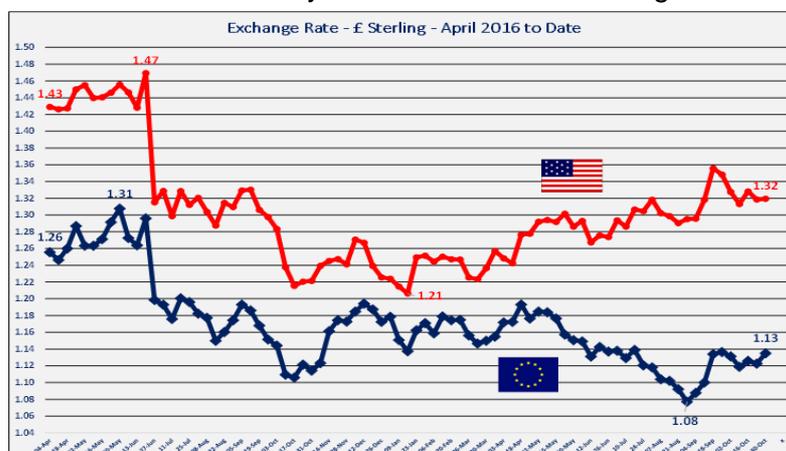
## UK Poultry

### Market update

Analysis shows that fresh and frozen Poultry saw a 3.6% increase in the year ending 18<sup>th</sup> June 2017 compared to the previous year. In terms of volume, most poultry categories enjoyed a boost. Nathan Ward, Kantar Worldpanel's Director noted that within the past year, 2.7 million more shopping baskets contained Poultry as the versatility of this white meat makes it an easy go option. Sunday roasts are still a time-honoured tradition for Brits with whole Chicken sales the big-seller and Chicken breast sales a close second. A recent survey' indicate that per capita consumption of Poultry meat in the UK went up from 36.1kg per person to 37.3kg per person per year.

## Exchange Rate

The £ has remained relatively stable against the Euro during October and now stands at 1.13 (slightly down on September) This rise has been in part due to the political climate in Spain being unsettled due to the Catalan region pushing through a referendum on independence from Spain. The recent rate rise by the Bank of England has probably helped to maintain this though some (not all!) were expecting and hoping for a higher increase in the base rate. As always with the Euro / £ exchange rate the future is still uncertain.



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