



BIRTWISTLES

Market Report

FEBRUARY
2018

Market Report

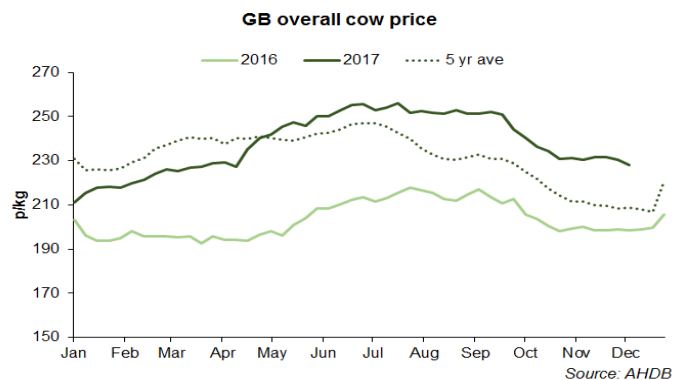
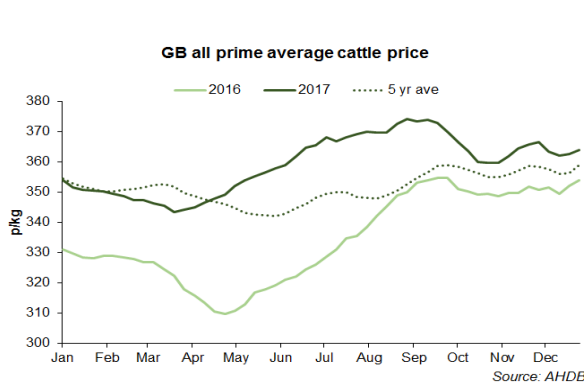
FEBRUARY 2018



UK Beef

Prime Cattle Prices finish the year above year earlier levels

In the week ended 23 December, the GB all prime cattle measure gained 0.71p on the week, to 362.64p/kg, which is 6.42p and 10.58p above the 5 year average and the same week in 2016 respectively. During the week ending 30 December, the measure recorded further gains to stand at 363.89p/kg. The measure now stands 4.91p and 10.09p above the 5 year average and the same week in 2016 respectively. Estimated prime cattle slaughtering's for the week ended 23 December totaled 29.5 thousand head, 0.2 thousand head above the previous week. During the week ended 30 December, estimated prime cattle slaughtering's totaled 18.6 thousand head, 3 thousand head less than the same week last year.



The overall steer price has remained reasonably steady over the past two weeks, standing at 363.6p/kg for the week ending 30 December, while those meeting the R4L specification fell slightly to 375.5p/kg. The overall young bull price has performed strongly, gaining 4.1p over the past fortnight, to 339.4p/kg, with those meeting the R3 specification gaining 6.2p over the fortnight, standing at 362.7p/kg. The overall heifer carcass prices recorded a 2.3p gain over the two week period, to 366.6p/kg. Heifer carcasses meeting the R4L specification recorded a gain of 0.3p week-on-week in the week ended 23 December to 376p/kg, before falling by 0.9p week-on-week during the week ending 30 December, standing at 375.1p/kg.

The overall cow price performed strongly over the Christmas period gaining a total of 13.4p over the fortnight, to stand at 241.6p/kg in the week ending 30 December. Those cow carcasses meeting the -O4L specification gained 9p during the two weeks, to 266p/kg. Estimated cull cow slaughtering totaled 9.3 thousand head in the week ended 23 December, a similar number to the same week in 2016. During the week ending 30 December, estimated cull cow slaughtering totaled 5.4 thousand head, 0.9 thousand fewer than the same week in 2016.

Dairy cross beef calf number show no sign of slowing

There have been fewer dairy breed young cattle registered in recent months, as recorded in the latest cattle population data from the British Cattle Movement Service., which indicates higher prime beef supplies could be available in 2018. In part, this could perhaps be due to an increase in the number of dairy cows being put to beef bulls, producing a dairy cross calf. These calves are usually registered as

Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers

Market Report

FEBRUARY 2018

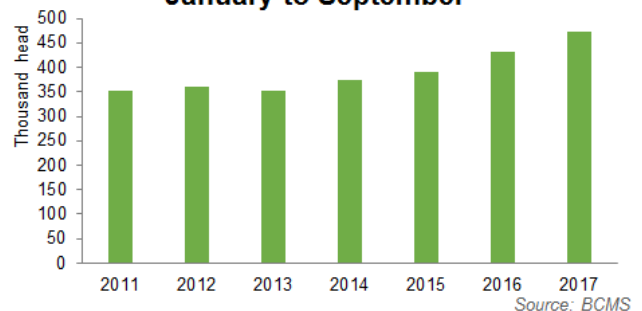


beef animals due to the potential value difference between a dairy registered beast and a suckler registered beast.

Dairy cross registrations have been on an upwards trend since 2014 and currently show no indication of slowing. In 2016, dairy cross calf registrations totaled 583.9 thousand head, 10% (55 thousand head) more than 2015. In the first nine months of 2017 dairy cross registrations totaled 473 thousand head, 9% (40 thousand head) higher than the same period in 2016.

A dairy cross calf could be worth around £180 more than a pure dairy bull from the same cow which is equivalent to 2.28p/litre, according to the Beef production from the dairy herd manual which is part of the AHDB Better Returns Program. There is also the potential for dairy farmers to use sexed semen to optimise the number dairy female replacements and therefore, allowing them to put more dairy cows to beef bulls.

Dairy cross beef calf registrations, January to September



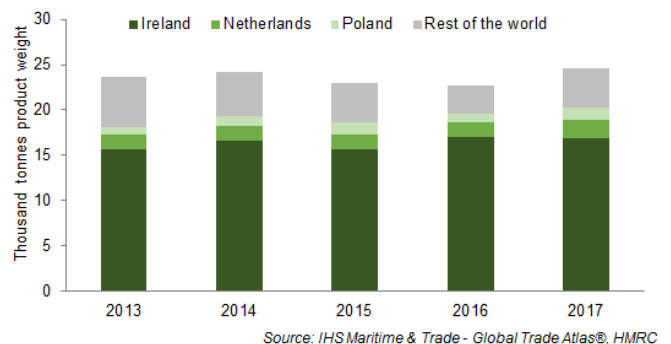
UK Beef imports increase

Last year the UK was the second biggest EU Brazilian Meat Importer behind the Netherlands as reported in the Meat Trades Journal there is a big Interest in a UK-Brazil Trade Deal, there is a lot of pressure being put on the government to complete a post –Brexit UK Deal trade the UK and Brazil

Between January and October UK beef imports were recorded at 223.4 thousand tonnes, according to the latest data from HMRC. In comparison to the same period last year, this is an increase of 4% (9 thousand tonnes). Total UK beef imports during October were 24.6 thousand tonnes, 9% (2 thousand tonnes) more than the same month last year.

Beef imports from Ireland remained steady in the month at 17 thousand tonnes while UK imports from the Netherlands recorded a year-on-year rise of 22% (363 tonnes), to 2 thousand tonnes. Poland has been recording year-on-year rises each month since November 2016. In October this year UK beef imports from Poland totaled 1.3 thousand tonnes, 34% (331 tonnes) more than 2016. Poland now competes with some South American beef in the food service sector in the UK. Conditions in Poland mean there is a large amount of feed available and therefore production is expected to remain strong.

UK beef imports, January to October



UK beef exports in the year-to October were recorded at 86.3 thousand tonnes, 4% (4 thousand tonnes) behind year earlier levels. During October, UK beef exports stood at 9.6 thousand tonnes, 2% higher than the same month last year. Exports to both Ireland and the Netherlands recorded significant rises to total 3.1 thousand tonnes and 2.6 thousand tonnes respectively. Declines were recorded in several of the smaller UK beef export destinations.

Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers

Market Report

FEBRUARY 2018



UK beef production between January and October was slightly behind year earlier levels with demand at a similar level throughout 2017 compared to 2016. Therefore a rise in imports is perhaps not surprising. The key Christmas period is approaching, and estimated slaughtering suggest that domestic production maybe lower than last year, so it could be expected that higher year-on-year imports may be required to balance demand.

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.

UK Lamb

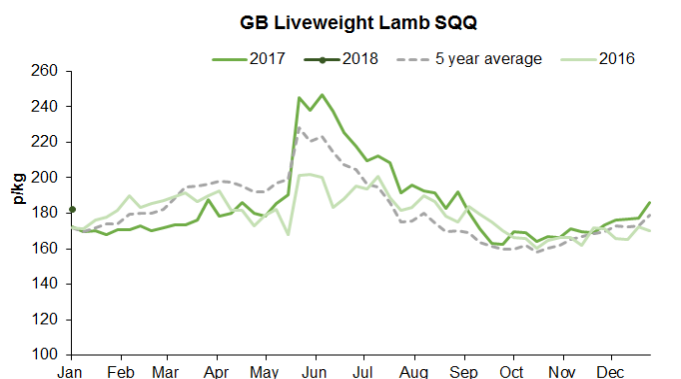
Lamb prices finish 2017 strongly

During the week ending 27 December, the live weight GB NSL SQQ stood at 186.01p/kg, a rise of 8.56p on the week and 16.11p above the same week in 2016. Throughputs for that week stood at 56.8 thousand head, 33% fewer than the same week in 2016. Tight supplies during the week may have influenced the higher price. Cull ewe throughputs stood at 18 thousand head, 27% fewer than the same week of 2016.

In the week ended 3 January, the live weight GB OSL SQQ stood at 182.16p/kg and the live weight GB combined SQQ stood at 185.12, with throughputs standing at 110 thousand head which is 19% higher than the same week last year. Some of the higher throughputs could potentially be due to producers sending sheep forwards now that the Christmas period is over. Cull ewe throughputs were just 2% fewer than in the same week of 2017, at 30 thousand head.

During the week ending 23 December, the deadweight GB NSL SQQ stood at 400.4p/kg, almost a penny rise on the previous week and over 15p higher than the same week of 2016. Estimated slaughtering's for the week totaled 228 thousand head, 13% fewer than the same week of 2016 and 10% fewer week-on-week. In the week ended 30 December, the deadweight GB NSL SQQ stood at 405.1p/kg, 16p higher than the quote finished in 2016. Estimated slaughtering's for the week ended 30 December stood at 138.7 thousand head, 15% fewer than the same week of 2016.

Looking into the New Year, while it is typical for lamb prices to experience some seasonal upwards pressure, this may be tempered perhaps by reports of a high number of 2017 lambs held over. However,



Source: AHDB, LAA, IAAS
OSL prices from 1st Jan to 3rd week in May, then NSL prices until December

Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers

Market Report

FEBRUARY 2018

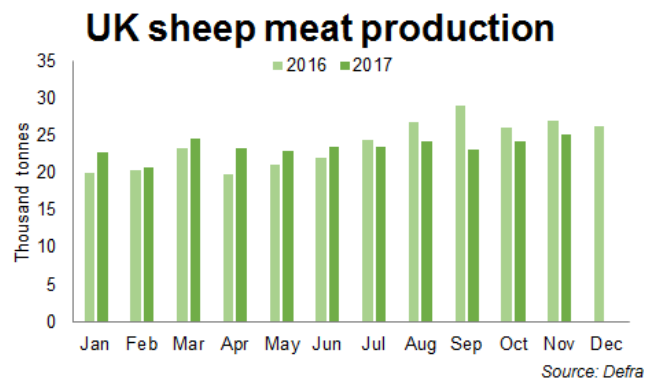


the high global sheep meat price and high prices in New Zealand could restrict supplies to some extent, which would also be supportive of the domestic price.

Sheep meat production in the year to date behind year earlier levels

In November, UK sheep meat production totaled 25.1 thousand tonnes, 3% (0.8 thousand tonnes) more than the previous month, according to the latest data from Defra. Sheep meat production so far this year now totals 258.3 thousand tonnes, 1% lower year-on-year.

The number of clean sheep coming forwards fell by 7% (88.8 thousand head) year-on-year, standing at 1,131.1 thousand head, although this is a 3% (32.7 thousand head) month-on-month increase. Ewe and ram slaughtering's totaled 124.1 thousand head in November, 10% (13.5 thousand head) less than the same month last year. Compared to the previous month, ewe and ram slaughtering's fell by 3% (3.3 thousand head). Cull ewe and ram numbers have been lower throughout 2017 compared to 2016.



Looking into the coming months, based upon the Defra June survey and Defra slaughtering data, it would appear, that despite the largely favourable finishing conditions that much of the country has seen all summer, there are still a high number of lambs yet to come forwards. Therefore, we could see higher slaughtering's recorded during quarters one and two in 2018 than previously forecast.

New Zealand Lamb

New Zealand lamb prices and production well up on the year earlier

During December, New Zealand lamb prices continued to be above year earlier levels, although they did record week-on-week declines in line with the seasonal trend. In the week ended 18 December, New Zealand deadweight lamb price stood at 663 cents/kg, a week-on-week decline of 8 cents but still 183 cents above the same week of 2016. This is the largest year-on-year premium so far this production season, which began in October. Therefore, while the price is declining, it is not as sharply as in 2016, perhaps partly due to the relatively high global lamb price.

The difference between UK and NZ lamb prices for the week ending 18 December stands at around 51p. Historically the price difference has been above 100p and it is not uncommon for the difference to be as large as 200p during the first part of the calendar year. So although contracted volumes of lamb will still come to the UK, domestic lamb will be very competitively priced and may again deter higher levels of imports.

New Zealand exports of sheep meat in November totaled 28.9 thousand tonnes, 39% (8 thousand tonnes) more than the same month of 2016. The value of the shipments in November totaled NZ\$271.5 million,

Call 0161 776 1263
BIRTWISTLES.COM



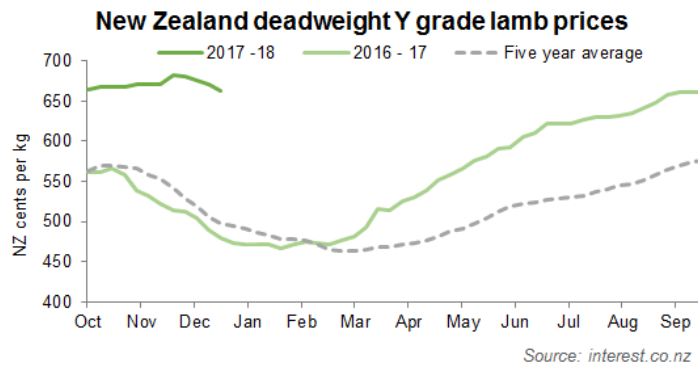
BIRTWISTLES
Catering Butchers

Market Report

FEBRUARY 2018



71% higher than the year earlier. New Zealand exports to China in November totaled 14.9 thousand tonnes and valued at NZ\$94.6 million, a substantial 118% (8 thousand tonnes) and 200% (NZ\$63 million) increase on the same month of 2016. This is a reflection of continued high mutton prices in China. Should global market conditions continue into the start of this year, UK imports of sheep meat from New Zealand will likely repeat 2017's pattern of lower volumes.

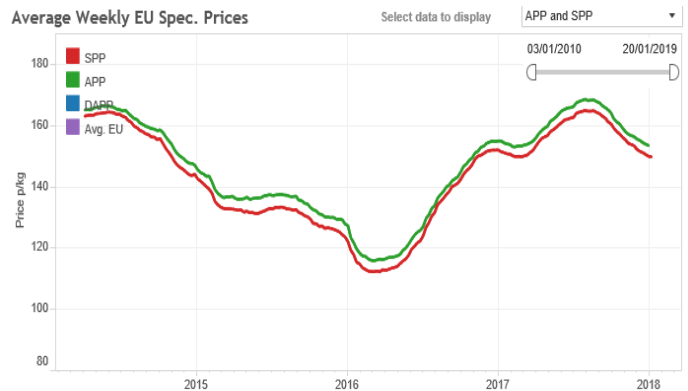


Pork

EU Pig prices soften

The EU-spec SPP (standard Pig Price) declined slightly (0.13p) during the week ending 6 January, standing at 149.65p/kg. The series now stands 1.59p below and 30.56p above the equivalent weeks of 2017 and 2016 respectively.

Estimated slaughtering for the week ended 6 January were at a similar level to the same week last year, at 141.5 thousand head. This is almost 40% higher than the previous week, reflecting the higher number of working days in this week. The previous week had 2 bank holidays due to the Christmas period whereas the current week only had the New Year bank holiday. Demand for pigs was good during the week, in part due to processors re-stocking from the Christmas week, with supply able to meet this demand due to the carryover from the short killing weeks.



Up until the last week of 2017, carcass weights had been declining week-on-week. Average carcass weights slightly rose during the week ending 30 December, to 84.72kg, an increase of 600g on the week.

In the week ended 30 December, the EU-spec APP (all Pig Price) fell 0.46p on the week, to 153.3p/kg, just 1.51p below year earlier levels. However, the current price is well above 2016 levels at this time of

Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers

Market Report

FEBRUARY 2018



year. The gap between the APP (all Pig Price) and SPP (standard Pig Price) for this week widened once again, to 3.52p, reflecting the sharper decline in the SPP this week.

UK Poultry

Defra has confirmed that avian flu has been found in 17 wild birds in Dorset

It is the first confirmed finding of the virus in the UK this winter, and tests have shown it is closely related to the H5N6 strain that has been circulating in wild birds across Europe in recent months.

This is different to the strain which affected people in China last year and Public Health England has advised the risk to public health is very low. The Food Standards Agency has also offered reassurance that bird flu does not pose a food safety risk for UK consumers.

This is the first time avian flu has been identified in the UK this winter and while the disease does not represent a threat to the public, it is highly infectious and deadly to birds.

At present the EU and UK Poultry Market is stable, Turkey prices are coming back in line from seasonal demand.

Exchange Rate

GBP EUR exchange rate struggles to make headway as Eurozone unemployment falls

Even though Eurozone data continued to impress this failed to shift the Pound Euro (GBP EUR) exchange rate from a narrow trend on Tuesday.

A sharp widening of the German trade surplus and a fresh dip in the Eurozone unemployment rate were not enough to shore up demand for the Euro, even though signs still point towards another strong year for the domestic economy.



The mood towards the Pound, meanwhile, remained relatively muted in the wake of Theresa May's rather anticlimactic cabinet reshuffle.

As the Prime Minister's fragile position was only further highlighted by the limited shuffle, and the refusal of some ministers to move, the GBP EUR exchange rate was unable to capitalize on the Euro's bearishness.

Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers