



BIRTWISTLES

Market Report

March 2018

Market Report

March 2018



UK Beef – Outlook for 2018

The October GB cattle population data showed an additional 43,000 cattle on the ground under the age of 24 months compared with October 2016, not including dairy females. Some of the females will end up being replacements in the beef herd and so not slaughtered in 2018. However, this would still suggest increased prime numbers next year, in line with the forecast, indicating that 2,010,000 prime cattle and 627,000 cows will be slaughtered in 2018 (2017 Figures were 1965000 Prime Cattle and 641000 Cows).

Buoyant cull cow price continues

Wednesday, February 21st, 2018

In the week ended 17 February, the GB all prime average cattle price remained firm on last week's price, at 355.08p/kg. The measure currently stands just 1.7p above the 5 year average. Industry reports suggest demand for beef has improved slightly, although is still slow which may have helped keep the price steady this week.

The overall steer price recorded a small week-on-week decline of 0.6p, to 355.0p/kg, while steer carcasses meeting the R4L specification lost 0.3p on the week, standing at 368.2p/kg. The overall heifer price gained just 0.2p during the week, to 358.6p/kg. Heifer carcasses meeting the R4L specification recorded the largest decline of the week of 0.9p, to 367.7p/kg. Young bull prices bucked the general trend with the overall price gaining 1.2p, standing at 325.9p/kg, while those carcasses meeting the R4L specification rose by 6p on the week, to 346.6p/kg. These gains in young bull prices follow sharp declines last week.

Estimated prime slaughtering recorded a small week-on-week rise (+400 head), to 31,700 head. Compared to the same week of last year, this is a decline of 500 head.

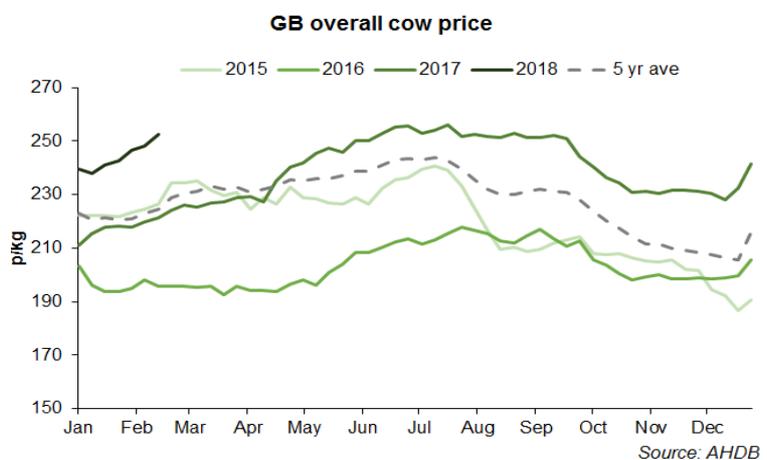
UK beef exports to China

On Feb 1st 2018 an agreement to progress lifting the BSE ban on British beef exports to China is a vital first step in unlocking this major market, which could be worth £250 million in the first five years, according to AHDB.

New measures to improve market access to China were announced by Prime Minister Theresa May this week – in a move which could see beef from the UK exported to the country for the first time in over 20 years.

It is anticipated the BSE ban could be lifted within six months if a visit from Chinese inspectors this spring is successful, clearing the way for detailed discussions and the completion of a five-step process to open the Chinese market to British beef.

The news has been welcomed by AHDB, which has been working on the market access in the region for a number of years, and is good news for exporters keen to look to new, non-EU markets



Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers

Market Report

March 2018



AHDB Head of Exports Peter Hardwick said: “The announcement is a vital first step in unlocking this major market for beef without which we could not progress to the substantive approval process.

“This agreement comes after an intensive programme of inspections and visits by the Chinese authorities over the last two years, led by AHDB in collaboration with government and industry organisation.

“It is still an ongoing process but we will continue to play a key role in helping to steer discussions to ensure we unlock the full potential of the Chinese market for beef producers here in the UK.”

The announcement came on the first day of the Prime Minister’s three-day trade mission to Beijing, where she was joined by senior business leaders and industry representatives including AHDB Chief Executive Officer Jane King.

During her visit she held meetings with members of the Chinese government and other industry leaders where products ranging from pork to malting barley were discussed. Jane raised the urgency of lifting the beef ban with both the Prime Minister Theresa May and Secretary of State for International Trade Liam Fox. Both indicated it was a government priority.

Approval for export of manufacturing beef to Canada

Manufacturing beef from the UK can now be exported to the lucrative Canadian market after approval was given by inspectors.

Work involving the Agriculture & Horticulture Development Board (AHDB), Defra, the FSA, UK Export Certification Partnership (UKECP), Quality Meat Scotland and HCC Meat Promotion Wales, had been ongoing for a number of years before initial agreement was reached in 2015.

The agreement covered both primal cuts and manufacturing beef, but since then UK officials have been working to ensure manufacturing beef could be tested to the required microbiological standards required by the Canadian authorities.

This regime is now in place and has been robustly evaluated to UKAS standards, allowing shipments to begin immediately.

Dr Phil Hadley, AHDB International Market Development Director, said: “This is fantastic news and comes after a lot of hard work by all parties involved.

“We already have market access for sheep meat into Canada and beef primals have been going over since 2015. To have reached a stage where we have all the testing in place to satisfy inspectors with regards to E.coli is brilliant.

“This is a great opportunity for processors and producers in the UK and is another outlet for our product, which in turn helps underpin farmgate prices.”

In 2016, Canada imported 147,000 tonnes of fresh and frozen beef. Of this, 55 per cent came from the US. The UK sent 412 tonnes of primal cuts.

During November, UK exports totalled 10.6 thousand tonnes, 6% higher than November 2016. Ireland accounted for just under a third of this figure, at 3.4 thousand tonnes, a 14% year-on-year growth. Exports to the Netherlands have also recorded a year-on-year increase, of 16%, to 3 thousand tonnes. Continental demand for manufacturing beef has been strong since Christmas and this has continued into 2018.

Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers

Market Report

March 2018



In the year-to-November UK exports were slightly (3%) down year-on-year, standing at 97 thousand tonnes. UK exports to Ireland have fallen back by 5% compared to the same period of 2016, to 31.4 thousand tonnes. Exports to the Netherlands stand at 21.2 thousand tonnes, 12% down on the same period of 2016.

UK beef imports / exports

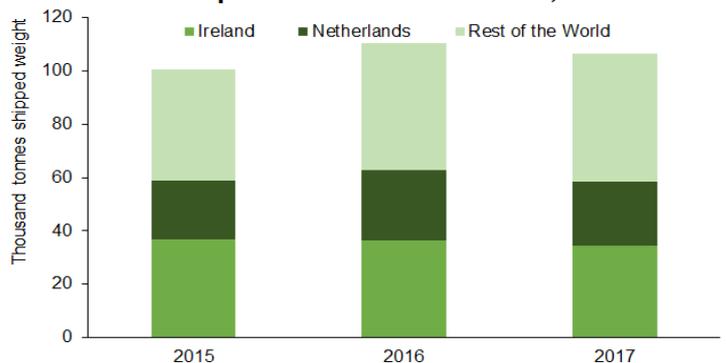
In December, the UK imported 24,000 tonnes of fresh/frozen beef, 9% less than the same month in 2016, according to the latest data from HMRC. In total, during 2017 the UK imported 274,200 tonnes of beef, 4% more than in 2016. UK exports of fresh/frozen beef recorded a year-on-year decline of 4% in 2017, bring the total to 106,500 tonnes. During December, the UK exports of fresh/frozen beef stood at 9,000 tonnes, 10% less than December 2016. UK total red meat (including offal) exports during 2017 were valued at more than £1.2 billion, with exports of fresh/frozen beef worth £409 million during 2017, 11% higher than in 2016.

Just under a third of UK exports of fresh/frozen were sent to Ireland, totalling 2,800 in December which is 8% less than the same month of 2016. UK exports to the Netherlands recorded year-on-year growth of 12% during December, to 2,600 tonnes.

During the whole of 2017, just over half of UK exports went to either Ireland or the Netherlands. UK exports to Ireland recorded a year-on-year decline of 5%, to 34,400 tonnes, while exports to the Netherlands recorded a 9% decline over the same period, to 24,000 tonnes. The Netherlands had high domestic production of cow beef during the early part of 2017 which put downwards pressure on UK exports of manufacturing beef. Some of the beef the Netherlands imports is processed/deboned and then re-exported.

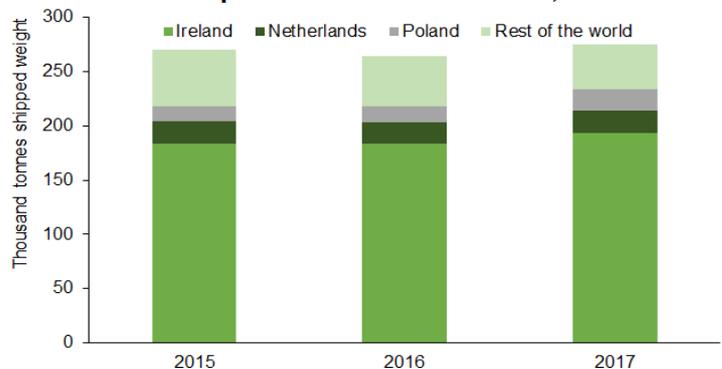
In December, UK imports of fresh/frozen beef recorded a significant year-on-year decline (-9%). Around three quarters of UK imports came from Ireland, totalling 18,000 tonnes, 7% less than the same month in 2016.

UK exports of fresh/frozen beef, annual



Source: IHS Maritime & Trade - Global Trade Atlas®, HMRC

UK imports of fresh/frozen beef, annual



Source: IHS Maritime & Trade - Global Trade Atlas®, HMRC

Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers

Market Report

March 2018

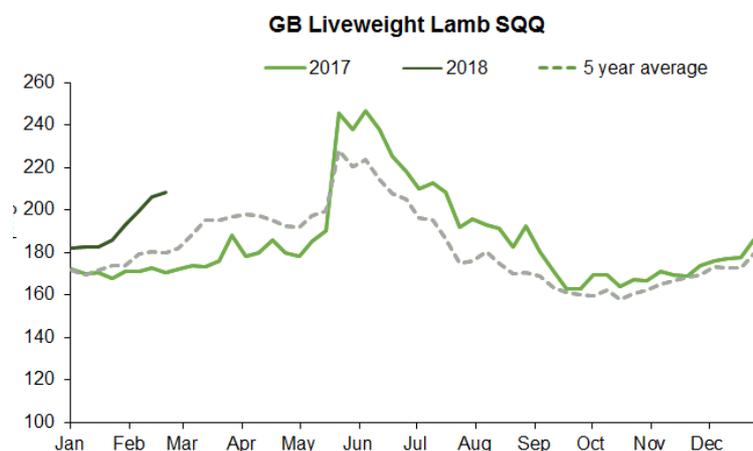


Through the whole of 2017, UK imports of fresh/frozen beef totalled 274,200 tonnes. Looking at whole year data around 70% of UK imports came from Ireland. Imports of Irish beef stood at 193,200 tonnes, 5% more than in 2016. Irish production in 2018 is expected to be higher again in 2018, with slaughtering in excess of 1.8 million head, which in turn could well lead to higher exports to the UK. Perhaps un-surprising considering a trend recorded throughout 2017, UK imports from Poland closed the year at 19,500 tonnes, a 34% increase year-on-year.

Lambs prices continue to climb upwards

During the week ending 21 February, the GB liveweight OSL SQQ recorded an increase of 1.93p on the week, to 208.27p/kg. The quote currently stands 37.87p above year earlier levels. Reports continue to suggest supply is just behind demand. Global prices currently are also strong on a historic basis, with some suggestion that imported supplies on the UK domestic market will be lower year-on-year during quarter one of 2018. Imported supplies throughout 2017 were significantly lower than historic levels.

Auction market throughputs totalled 127,300 head in the week ended 21 February, 14% higher than the same week last year. Compared to the previous week, this stood 6% higher. The number of cull ewes coming forwards remained steady on the week, at 35,600 head. However, this was 8% above the same week of 2017.



In the week ended 17 February, the GB deadweight OSL SQQ stood at 461.4p/kg, an increase of 18.8p week-on-week. Compared to the same period last year, the measure currently stands almost 80p higher in this year. Estimated slaughtering's rose by 3% on the week earlier, to 212,300 head. However, compared to the same week last year, this was 2% down. Industry reports suggest that some abattoirs are actively looking for lambs to slaughter in the coming weeks, even with the key Easter kill period several weeks away.

UK Sheep production

Production for 2017 was largely in-line with the forecast, with actuals just 5,000 tonnes lower than the forecast, according to the latest Defra data. Since the last forecast, Defra revised the number of lambs on farm at 1 June up by 200,000 head. These lambs, along with slaughtering's turning out slightly below the October forecast suggest that, slaughtering's and production in quarters one and two of 2018 are now likely to be slightly higher than originally forecast in October. Overall production for 2017 was 297,000 tonnes, and sheep meat production in 2018 is now forecast to be 317,000 tonnes, a 6% year-on-year rise.

Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers

Market Report

March 2018

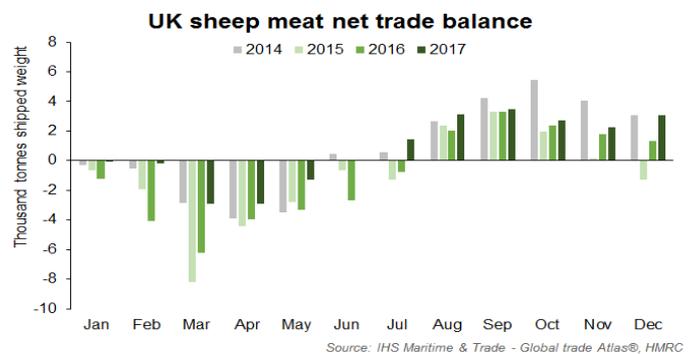


French lamb consumption under pressure in 2017

Sheep meat production in France totalled 80,900 tonnes in 2017, 2% less than in 2016, according to data from Eurostat. France is typically the third or fourth largest producer of sheep meat in the EU. Perhaps unsurprisingly the UK is the largest producer at around 40% of the EU total. Spain, which typically finishes lambs at lighter weights than the UK, is the second largest EU producer.

Lowest UK imports of sheep meat for at least 20 years

During 2017 the UK imported 80,200 tonnes of sheep meat, 11% lower than in 2016 and the lowest volume for at least 20 years, according to the latest data from HMRC. UK sheep meat imports were worth £369.5 million in 2017, 7% more than in 2016. Meanwhile UK exports of sheep meat grew by 14%, to 89,000 tonnes, which were worth £384.3 million, 70% more than in 2016. Total red meat exports (including offal) were valued at well above £1.2 billion in 2017.



Total sheep meat imports for December stood at 6,800 tonnes, a sharp decline of 10% on the same month of 2016. Imports from both New Zealand and Australia were lower; during December imports from New Zealand and Australia totalled 3,900 tonnes and 1,300 tonnes respectively.

Looking at the total imports for 2017, New Zealand shipped 22% less sheep meat, which totalled 52,000 tonnes while Australia shipped 11,200 tonnes, 2% less than in 2016. Ireland shipments to the UK grew by 55% during 2017, to 9,400 tonnes.

UK reported exports of sheep meat have had a strong year throughout 2017, growing to 89,000 tonnes. In 2017, 94% of UK sheep meat exports went to other EU countries; a total of 83,600 tonnes, 12% (8,800 tonnes) more than in 2016. Meanwhile UK exports to non-EU countries grew by 67% (2,200 tonnes) to 5,400 tonnes.

UK exports of sheep meat during December totalled 9,800 tonnes, 12% more than December 2016. UK exports to France declined by 6% year-on-year, to 3,900 tonnes, while UK exports to Germany grew by 17% to 1,300 tonnes. Domestic exports to Ireland increased by 38% compared to the same month of 2016, standing at 890 tonnes.

The UK's net trade position (reported exports minus imports) for sheep meat remained positive during December, at 3,000 tonnes. Looking at the net trade position for the whole of 2017, the UK had its first positive position in three years.

Looking into 2018, based upon global market trends, it is forecast that imports during quarter one of 2018 will again be lower than the historic norm. Prices on the global market are currently high and therefore New Zealand should be sending more volume into China. Existing contracts mean that some sheep meat will still continue to come into the UK.

Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers

Market Report

March 2018



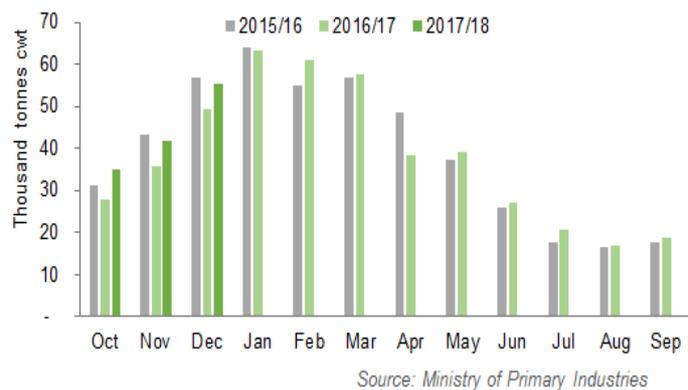
New Zealand sheep production well up on year earlier levels

So far in the New Zealand production year, which began in October, 132,275 tonnes of sheep meat have been produced, 17% more than the same period in the previous production year, according to the latest data from the Ministry of Primary Industries in New Zealand. Meanwhile slaughtering during the first three months of the production year have totalled 6.5 million head, 15% more than the same period of the 2016/17 production year; carcass weights have been slightly higher so far this year than last. New Zealand production of sheep meat totalled 55,420 tonnes during December, 12% higher than the same month of 2016. Conditions for production have been better, allowing producers to get the sheep off farm quicker than in the previous production year. Overall sheep meat production in New Zealand for 2017/18 is forecasted to be similar to that in 2016/17, so based upon current trends, it might be expected that production will be high in the first part of the year and fall back later on.

Exports of sheep meat from New Zealand between January and November 2017 totalled 354,800 tonnes, 5% higher than the same period of 2016. Exports to China rose by 14% on the year, to 133,360 tonnes benefitting from high prices. New Zealand has shipped significantly less sheep meat to the UK (-18%), totalling 47,200 tonnes over the same period.

Unless market conditions in Asia and Europe change dramatically based upon global market trends, we expect imports during quarter one will remain lower than the historic norm due to high prices in both China and New Zealand. Although the GB domestic lamb price has started the year strongly, Chinese wholesale mutton prices are far higher and therefore New Zealand, where possible, should send more into China and elsewhere, including the US. Existing contracts mean some New Zealand lamb will still come into the UK but at a potentially reduced level.

Production of sheep meat in New Zealand



Indications of Australian national flock re-building

Australia, alongside New Zealand, is a key country in the global sheep meat trade, and Meat and Livestock Australia (MLA) has released its forecast for the Australian sheep industry. Headline figures forecast that Australian lamb meat production during 2018 at similar to 2017, at 514,000 tonnes cwt. Mutton production for 2018 is forecast to be 177,000 tonne cwt. The Australian sheep flock is expected to expand by 2.5% year-on-year in 2018.

Lamb carcass weights are forecast to increase slightly during 2018 on 2017 weights, however sheep carcass weights are expected to decline slightly on 2017 weights bringing them back in-line with the long term trend. While sheep and lamb slaughtering's are forecast to decline slightly on the year to 7.5 million head and 22.5 million head respectively, indicating that Australia continues to rebuild the national flock after the drought conditions experienced over recent years.

Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers

Market Report

March 2018



Exports of lamb meat are forecast to decline slightly year-on-year to 241,000 tonnes shipped weight. Looking even further forward to 2019, Australian sheep meat exports are forecast to grow again as demand within Asia continues to increase.

Most lamb imported into the UK comes from New Zealand, however some does come from Australia which has a much smaller quota. The US is expected to remain the largest destination for Australian sheep meat, and Australia is currently undertaking trade talks with the EU in which Australia hopes to negotiate a free trade agreement.

Pork

Pig Prices (EU Spec)

In week ended 17 February, the EU-spec SPP climbed a modest 0.15p to stand at 146.07p/kg. This was the largest week-on-week price rise since July, when prices were almost 19p higher. The latest figure remains 3.74p behind year earlier levels, as prices increased by the same amount in the equivalent week last year.

Even though prices rose somewhat, supplies continued to be ample. Estimated slaughtering's stood at 185,800 head, which was a substantial 13% higher than year earlier levels and 5% higher than the previous week. Compared to the previous week, average carcass weights were 210g lower at 84.31kg, which would have partially counteracted the increased throughputs. However, compared to year earlier levels, weights were still 240g higher.

Prices on the continent have started to turn upwards in the past two weeks, meaning the gap between the UK and EU price has narrowed. This has likely alleviated the downwards pressure on UK pig prices this week. Some reports suggest demand for pig meat on the continent has picked up in recent weeks, but it remains to be seen how much EU pig prices might climb.

In week ended 10 February, the EU-spec APP averaged 149.21p/kg, 0.68p less than in the previous week. With the decline in SPP outpacing that for the APP during the week, the gap between the two price series widened to 3.29p.



Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers

Market Report

March 2018



Pig Prices (UK Spec)

Home \ Prices & Stats \ Prices \ Pig Prices (UK Spec)

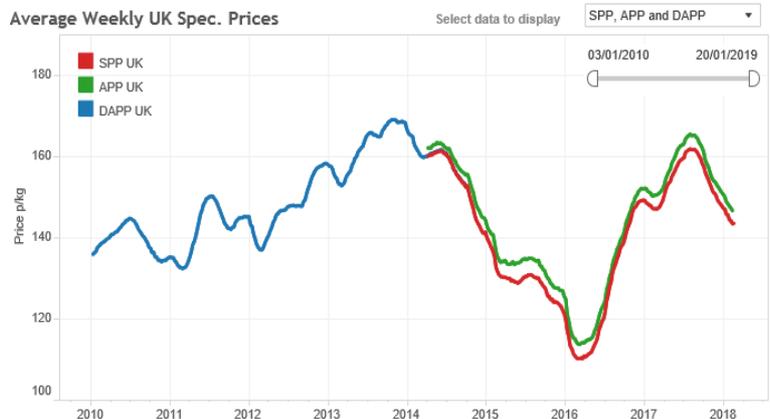
In week ended 17 February, the UK-spec SPP climbed a modest 0.14p to stand at 143.45p/kg. This was the largest week-on-week price rise since July, when prices were over 18p higher. The latest figure remains 3.77p behind year earlier levels, as prices increased by the same amount in the equivalent week last year.

Even though prices rose somewhat, supplies continued to be ample. Estimated slaughtering's stood at 185,800

head, which was a substantial 13% higher than year earlier levels and 5% higher than the previous week. Compared to the previous week, average carcass weights were 200g lower at 85.85kg, which would have partially counteracted the increased throughputs.

Prices on the continent have started to turn upwards in the past two weeks, meaning the gap between the UK and EU price has narrowed. This has likely alleviated the downwards pressure on UK pig prices this week. Some reports suggest demand for pig meat on the continent has picked up in recent weeks, but it remains to be seen how much EU pig prices might climb.

In week ended 10 February, the UK-spec APP averaged 146.54p/kg, 0.66p less than in the previous week. With the decline in SPP outpacing that for the APP during the week, the gap between the two price series widened to 3.23p.



UK Poultry - Defra update on avian flu

On 18 January 2018, Defra introduced an [Avian Influenza Prevention Zone in England](#). This means it is a legal requirement for all bird keepers to follow strict biosecurity measures.

This was introduced after H5N6 bird flu was identified in wild birds in two separate locations - [South Dorset](#) (confirmed on 12 January) and Warwickshire (confirmed on 18 January).

The new [Avian Influenza Prevention Zone](#) applies to everyone who keeps poultry or captive birds in England. All keepers must follow our detailed legal requirements on strict biosecurity, whether they have commercial flocks or just a few birds in a backyard flock.

UK Chief Veterinary Officer Nigel Gibbens said:

We are continuing to see cases of bird flu in wild birds across the country which is why, if you keep birds, it is absolutely essential that you do all you can to protect them and help prevent the spread of the disease.

Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers

Market Report

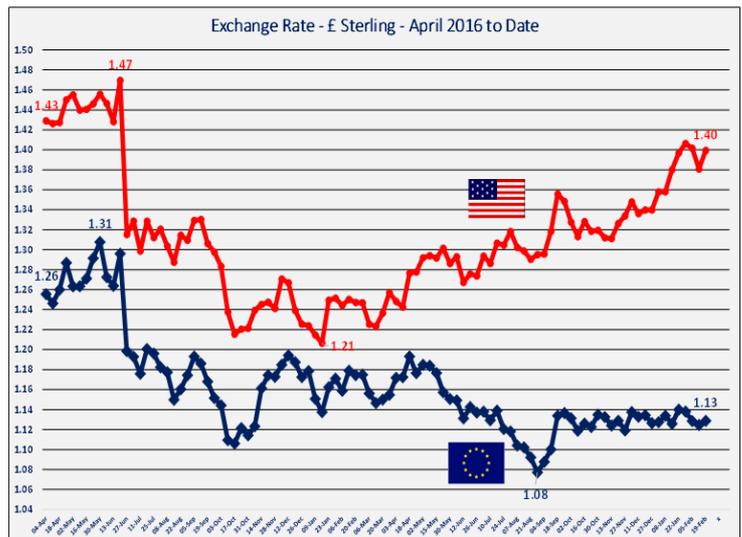
March 2018



Exchange Rate - Brexit hopes boost pound as UK data disappoints

Sterling regained some ground against the US dollar and climbed versus the euro on Tuesday last week, buoyed by reports that the European Parliament could favour offering the UK a “privileged” post-Brexit trade arrangement. Britain and the EU are currently working towards an agreement on how a transition period would work beyond March 2019, with hopes a deal can be reached next month.

Despite this backdrop of Brexit optimism, the latest domestic data weighed on the pound. UK unemployment rose for the first time in nearly two years in the three months to December 2017, with the jobless rate ticking up from 4.3% to 4.4% between November and December. The UK economy also expanded by less than previously thought in the final quarter of last year, with GDP growth revised down to 0.4% from an initial 0.5% estimate.



Call 0161 776 1263
BIRTWISTLES.COM



BIRTWISTLES
Catering Butchers