BIRTWISTLES

Market Report

APRIL 2021

The big bounce back and its challenges in the short/medium term.

As we start to navigate the road back to normality is the industry ready for the big bounce back?

The hospitality business, worth in excess of £10 billion, will present many challenges in the short/medium term as producers are reluctant to plan with no guarantees on their returns and are worried about overproducing and underperforming returns.

To get back to the level required will see some serious pressure on lines such as steak meat, burgers and chicken, which are all expected to be in massive demand in the casual dining sector over the coming months. There will be supply issues/shortages with normal levels of proteins not forecast to be back to normal until early Summer.

Many suppliers have used outside coldstores to freeze product which may alleviate some supply issues. This is the reality of the situation in the short term we will all be faced with, April 12th, May 17th & June 21st will all present many challenges with little or no forecast information being fed back.

Beef Overview

Upward momentum continues to be noted across UK Beef, in part driven by real demand and partly by speculation on the supply front.

Tight supplies and firming prices continue to dictate the market.

Key items continue to tick higher, with steak meat and a range of other cheaper cuts trending upward. Retail demand continues to be reported as firm with some suppliers oversold on steak items.

As we are preparing for the reopening of outdoor dining strong demand is putting pressure on suppliers due to availability issues.

Manufacturing of burgers and meatballs is pushing prices of trim higher, with standard 85% VL trim trending towards £4/kg, a consequence of increased demand from Europe and the upcoming BBQ season, a figure never seen before across the industry.

Diced items are also on the up amid strong manufacturing demand from the likes of pie makers and ready meal providers. Topsides have been reported as extremely tight, with some processors prices starting at over £7/kg.

Total throughputs trended slightly lower over the previous week, which correlates with feedback that some processors are deciding to reduce kills as they fulfil contract obligations for Easter. Deadweight prices continue to tick higher against the backdrop of tight supplies.

A similar trend is noted across the border, with total throughputs in Ireland trending slightly lower and deadweight prices moving up.

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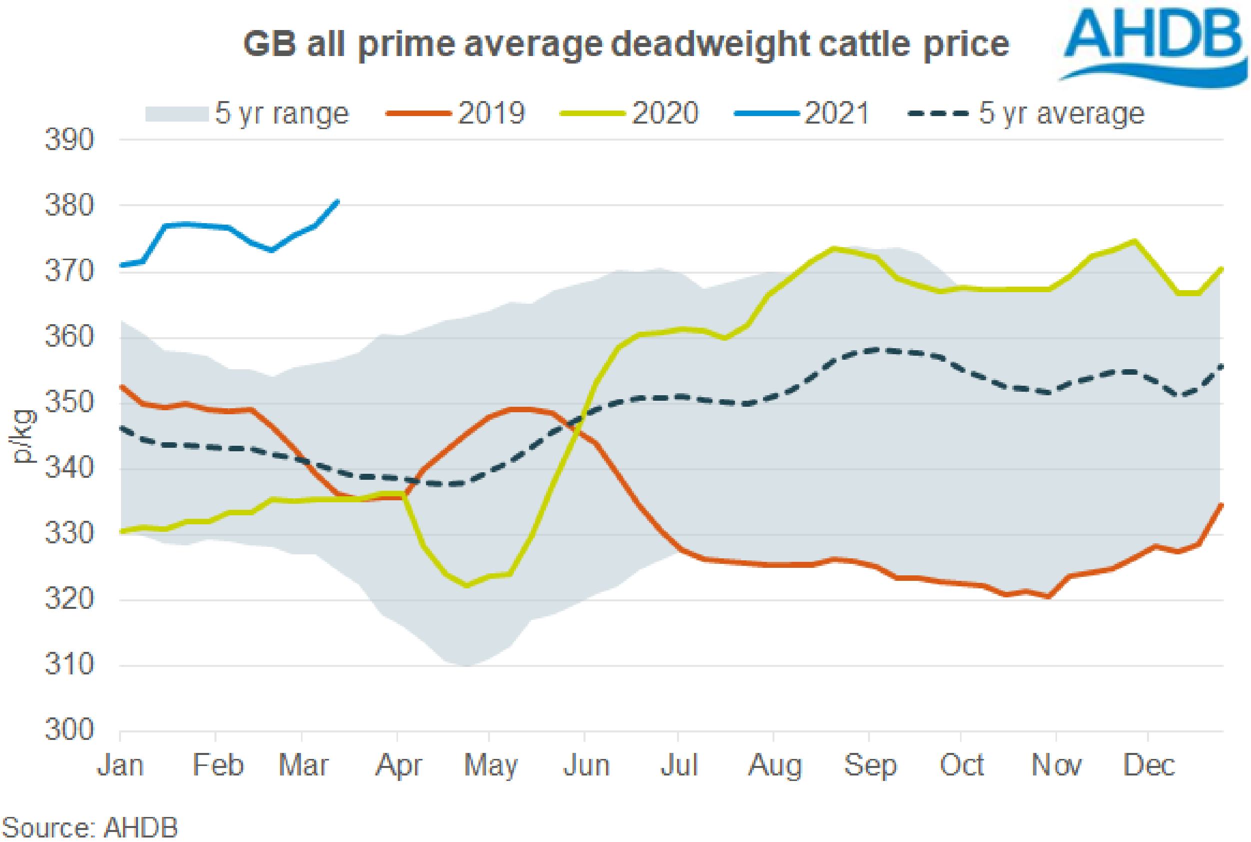
Another spring in the step of cattle prices

In the week ending 13 March, the GB all prime average cattle price stood at 380.8p/kg, up 3.8p on the week before. This measure is now 45.4p/kg above the price achieved in the same week last year.

Estimated throughput for the week totalled 31,900 animals. This is down by 600 animals on the week before, and a decrease on the same week last year of 2,700 animals.

There were price increases across all of the major prime categories this week. Prices are remaining well supported as tight supply remains across the UK.



Global beef price update

Prices on imported beef supply are currently 10-15% up across all primals on previous levels driven by uncertainty in the market and is expected to be in place for the next 6-8 weeks until the market settles and re-opens fully from May 17th, suppliers are reluctant to commit to volumes and export full containers of single items due to lack of clarity around sales.

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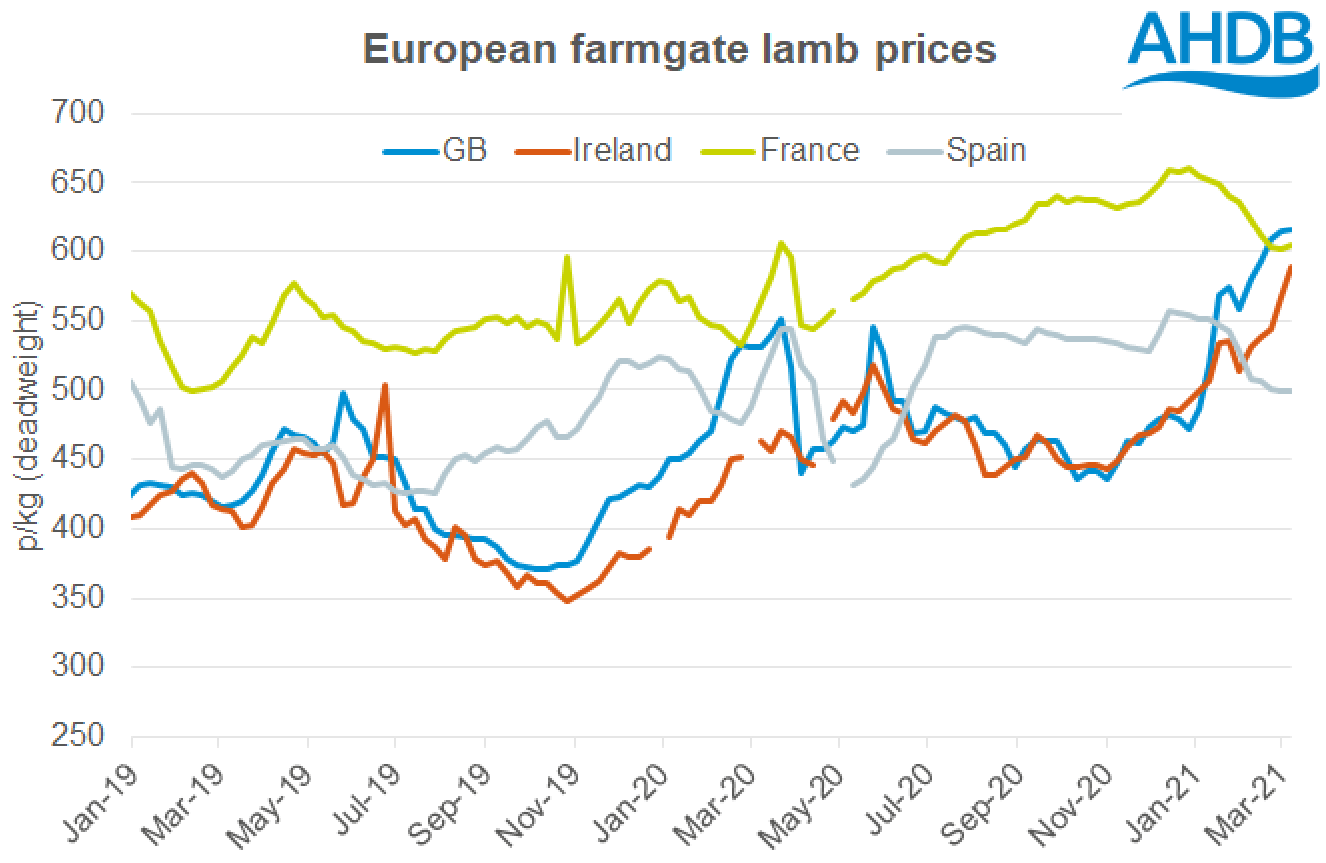
Lamb Overview

GB lamb prices move on up

Both deadweight and liveweight GB lamb prices moved up again in the latest weeks, continuing the trend seen since the start of the year. The current high prices, which have never been seen before, are reflective of the tight supplies of finished lambs in the UK at present.

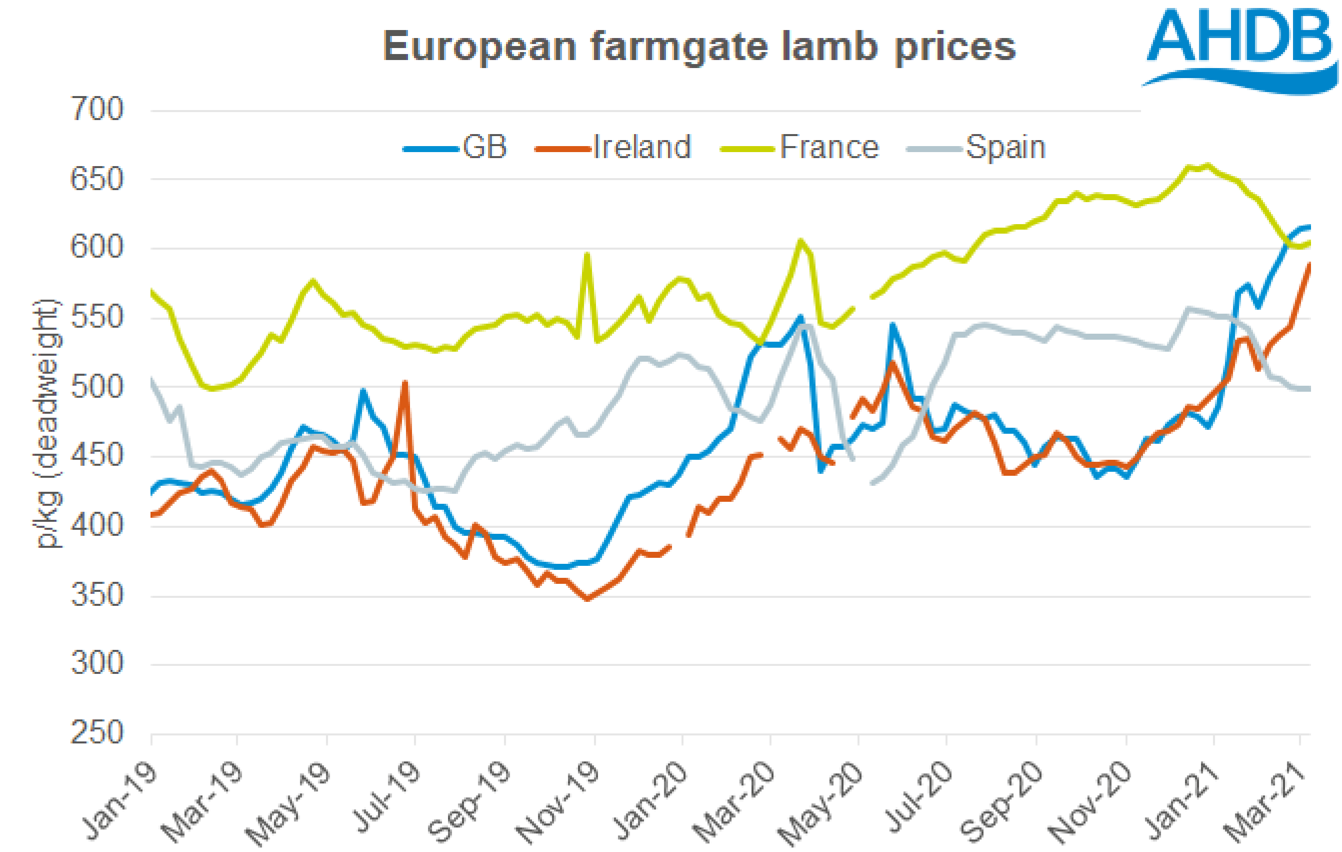
On the deadweight front, the price rose by 1.4p in the week ending 6 March to average 615.3p/kg. **The measure is now nearly 162p above the five-year average price.**



Source: AHDB, European Commission

Global Lamb Prices

Around the world, farmgate sheep prices vary, affected by various factors, most obviously supply and demand. Some of these factors are more local in nature, and might include logistical and supply chain issues. Cost of production will also vary between different countries.



Source: AHDB, European Commission

Pork Overview

After two weeks of price rises, the EU-spec Standard Pig Price recorded a decline in the most recent week, although a rather marginal one. In the week ending 13 March, the measure averaged 139.41p/kg, 0.04p less than the previous week

Estimated slaughter dropped back slightly on the week, standing at 199,400 pigs. This is 1,300 pigs (-1%) less than in the previous week. However, throughputs were well above both the previous year (12%) and the five-year average (16%). This is particularly impressive as throughputs began to rise this time last year ahead of the first wave of the pandemic.

Slaughter figures confirmed reports that progress has been made in reducing the size of the backlog. However, there is still progress to be made to eliminate the issue entirely. Reports suggest there may be some tightening in supplies in the spring-time.

Poultry overview

The UK Poultry market has seen some upward movements, we are now experiencing issues with availability on high demand lines as restrictions are lifted and supplies remain tight.

In the EU there is a general reluctance to put more birds down with the uncertainty of the market. This is driving the price up weekly as we are all competing for the same birds, some prices have risen around 30% (Mainly breast meat). With pressure also on wings.

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Updated Lockdown Easing Key Dates

29th March

- Six People or two households allowed to sit together outdoors
- Outdoor sports facilities open, organised sport allowed
- Travel outside of local area allowed

12th April

- Non-essential retail and personal care open
- Hospitality outdoors open
- Dedicated Wedding Venues open (however this does not include for indoor receptions)
- Indoor leisure e.g., gyms, swimming pools open
- Self-contained Holiday accommodation open

17th May

- Outdoors most social contact rules lifted
- Six people or two households can meet indoors
- Indoor hospitality and hotels open

21st June

- All Legal Limits on Social Contact removed
- Hope to reopen final closed sectors of the economy

Final Note

We hope you and your Families are all well and healthy and we are looking forward to welcoming you back over the next few months, permitting everything in the Lockdown easing plan is adhered to.

Please help us during this transitional period by providing us with as much notice as possible for your relaunch, any menus changes and forecasted Sales if possible.

Any information you could provide us with will be greatly appreciated.