BIRTWISTLES

Market Report

DECEMBER 2021

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Welcome to our December edition, we would also like to take this opportunity to pass our best wishes to you all for a Merry Christmas & Prosperous New Year. Thank you for your support.

KEY POINTS TO NOTE & OPEN WITH THIS MONTH

- Festive Season Order/delivery Schedule.
- Reminder of order cut off times.
- Avian Bird Flu Update

Market Report

DECEMBER 2021

Christmas – New Year Trading days & cut off times for ordering

Please see below the dates that we are open this Christmas. Please note that your delivery days will remain the same so bear this in mind when placing your orders.

Please place orders as soon as possible to avoid disappointment. Please note: For delivery on Tuesday 28th December 2021 orders must be placed no later than 12noon on Friday 24th December 2021.

Monday 20th December 2021 Normal Deliveries

Tuesday 21st December 2021 Normal Deliveries

Wednesday 22nd December 2021 Normal Deliveries

Thursday 23rd December 2021 Normal Deliveries

Christmas Eve 24th December 2021 Normal Deliveries

Christmas Day 25th December 2021 CLOSED

Boxing Day 26th December 2021 CLOSED

Monday 27th December 2021 CLOSED

Tuesday 28th December 2021 Normal Deliveries

Wednesday 29th December 2021 Normal Deliveries

Thursday 30th December 2021 Normal Deliveries

New Year's Eve 31st December 2021 Normal Deliveries

New Year's Day 1st January 2022 CLOSED

Sunday 2nd January 2022 CLOSED

Monday 3rd January 2022 CLOSED

Tuesday 4th January 2022 Normal Deliveries

To assist us in serving you please wherever possible can you order early, along with any pre-orders that you may already be aware of.

Please note that due to the extended Christmas closure period of some producers, poultry will be delivered that has been previously frozen.

Market Report

DECEMBER 2021

Beef Overview

DEMAND:

Trade continues to be influenced by pockets of robust demand, though labour issues continue to hinder availability of several key items.

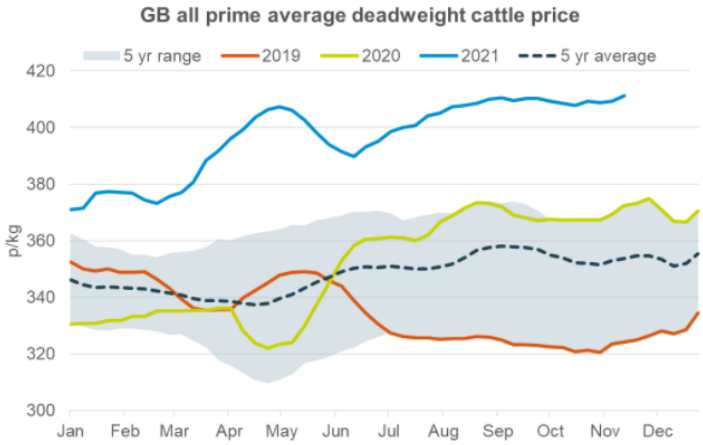
There is a very high demand for UK/Imported Beef Fillets Chain on & off this is currently the most challenging item to source, with UK PGI fillets as high as £30/kg + this week and forecast for upward movement based on supply & demand. This will have an impact on availability through December and into January due to the reluctance from producers and lack of demand for other primals which is causing imbalances in stocks that need levelling up. Imbalances will also have an effect throughput.

Upward momentum is also noted on Rib Eyes, knuckles, topsides and silversides partly driven by an uptick in institutional catering and roasting demand.

SLAUGHTER:

Labour issues continue to hinder total throughputs with the previous weeks numbers lower compared to the week prior. Deadweight cattle pricing remains significantly higher than the 5-year average, though a slightly steadier undertone has been noted in recent weeks with average prices across the UK somewhat stable recently.

In the week ending 13 November, the average deadweight prime cattle price crept up by another 2p to average 411.3p/kg. The measure was 39p above the price recorded for the same week a year ago, and 58p above the five-year average price.



Market Report

DECEMBER 2021

Irish beef price increases

Beef prices have started to move upwards as factories struggle to secure supplies. Prices in the UK have strengthened again and supplies are running 4% below 2020 levels. This is creating strong demand for Irish beef for the lucrative Christmas trade.

Cattle supplies are predicted to be extremely tight up to year end combined with the reduced volumes of beef in the UK and the low levels of South American imports in the EU market.

EU TRADE:

With European plants also contending with labour shortages, firm export demand continues to be reported, particularly for the likes of VL trim and round cuts. Some market participants expect orders to increase alongside the introduction of new lockdowns across the EU.

Global beef prices

Brazil

In the year to the end of September, Brazil exported 1.27 million tonnes of fresh and frozen beef, 1.5% more than was shipped during the same period a year ago.

Chinese demand has been the main cause of higher volumes, despite a ban being placed on Brazilian beef in early September. In fact, shipments to China during September were the highest monthly total on record at 112,000 tonnes (+31% year-on-year). Reports suggest this uplift could be to do with more containers being available as previously commented on in our October market report compared to previous months.

Interestingly, some Brazilian exporters had continued to load beef onto ships bound for China during the embargo, in the hope that the ban would be over by the time the ships arrived. However, the embargo remains in place (at time of writing), and shipments destined for China have reportedly been refused on arrival, which could mean they are redirected elsewhere, potentially to Iran and Vietnam.

Brazil is the largest exporter of beef worldwide, and China is its biggest market. It is still unknown when the ban will be rescinded, but continued blockages could see more beef staying on Brazil's domestic market or finding a home elsewhere.

Uruguay and Paraguay

Both also shipped more beef in the year to September, with volumes up by over 30% year-on-year. For Uruguay, China was the main cause of uplift. For Paraguay, increases went largely to Chile.

Argentina

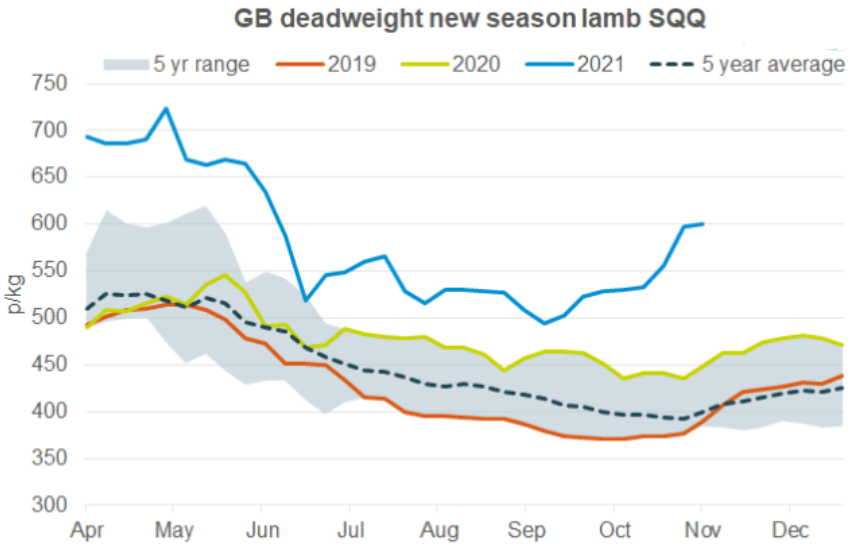
On the other hand, Argentina exported less beef in the year to September, sending 429,000 tonnes (-2% year-on-year). Shipments were running above year-ago levels until June, after a cap was placed on exports in May. Exports to China were allowed to resume in late September, which may mean volumes increase in the months ahead.

UK Lamb Market Overview

While prices rose, throughputs took a tumble, not only was this a 6% decline on the week, but a 19% year-on-year decrease. Throughput last year was unusually strong due to uncertainty surrounding the end of the Brexit transition period. However, throughputs are low on historic terms, not just compared to last year.

Liveweight lamb prices have continued to strengthen in the most recent week. Having fallen last week, this week prices gained back what was lost, and more. In the week ended 24 November the liveweight price rose by 4.4p to stand at 269.57p/kg. Throughputs slipped 3% week-on-week.

Meanwhile deadweight prices crept up, to just above the £6/kg mark. During the week ending 20 November the deadweight price gained 2.7p, to 600.1p/kg. Estimated kill for the week was below both last week and last year, by 3% and 17% respectively keeping prices for all cuts firm, demand for Legs, Racks is very firm.

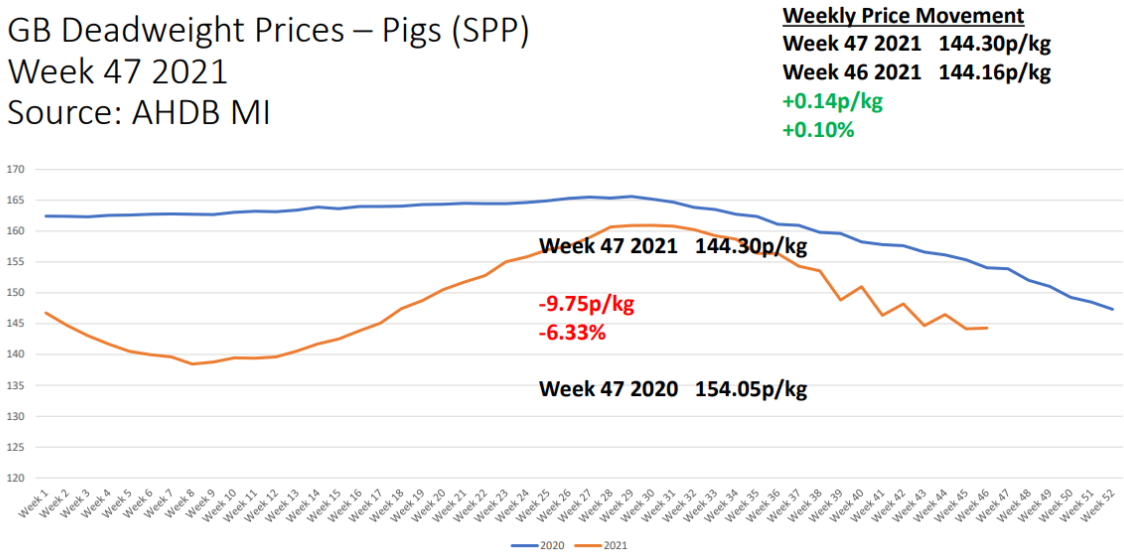


Market Report

DECEMBER 2021

Pork Overview

The British pork sector is undoubtedly facing an extraordinarily challenging period. Margins have been difficult for a prolonged period, driven by elevated feed costs, and more recently we have also been hearing of logistical difficulties getting pigs to slaughter on time. There appears to be too little processing capacity for the available slaughter-ready pigs at the moment, with in particular lack a of butchery staff. This mismatch in supply of pigs on farm and demand for them, has been putting downward pressure on pig prices. This downward trend has also been heavily influenced by low pig prices across Europe, where the drop in Chinese import demand has led prices to fall in an effort to stimulate demand nearer to home.



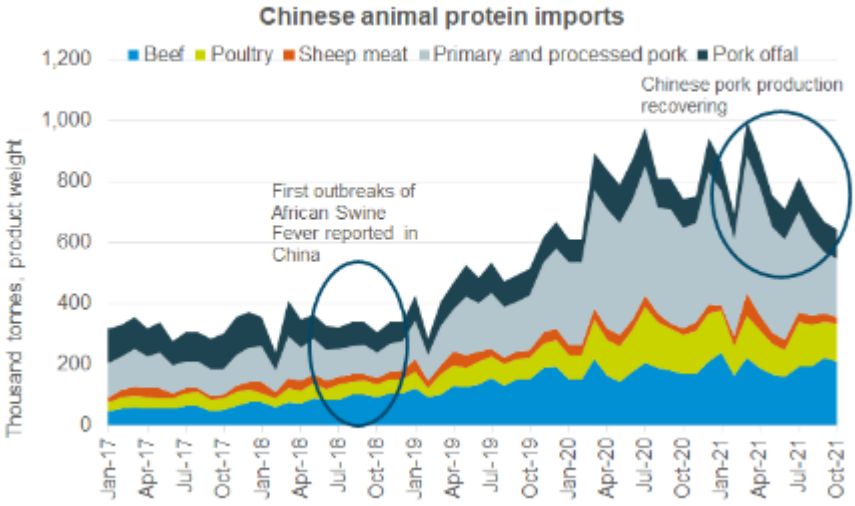
What does this mean going forward? In the short-term, it remains difficult to establish exactly how many pigs are remaining on farms, and what slaughter would need to be in order to clear them.

However, there are increasing expectations of a decline in pig availability as we progress through 2022. The latest reports from the National Pig Association suggests the sow herd could drop by around 25,000-30,000 sows this year. Some tightening up of numbers around the spring may also be possible, depending on how many producers have taken out younger pigs.

At the start of 2019, there was a large surge in Chinese import demand for protein as the market looked to fill the gap left by the decline in pork production due to a mass outbreak of African Swine Fever. However, over the last 12 months, Chinese pork production has been recovering which has reduced demand for imported pork. This may again increase due to import ban still in place on Brazilian Beef and follow the graphic below.

Market Report

DECEMBER 2021



Poultry overview

Chicken

We are again starting to see shortages of product from the EU and have taken a third further price increases over the last month for UK produce with the latest being a +.20 p kg rise in whole birds with a further 10-15 % on all associated cuts as well.

A host of factors have increased pressure on suppliers and made this no longer sustainable; they include fuel year on year plus 20.6%; wheat year on year plus 14%; feed year on year plus 19% these along with the ongoing issues around Labour, packaging & increased utilities.

EU

France Tightens Bird Flu Measures as Virus Spreads in Europe

The French government has put the entire country on high alert for bird flu as the virus spreads across Europe, the agriculture ministry said on Friday.

The move will extend a requirement to keep poultry flocks indoors, a measure already implemented in certain areas since September. Since the beginning of August, 130 bird flu cases or clusters have been detected in wild animals or on farms in Europe.

Reinforced prevention measures will therefore be implemented to protect poultry farms. The requirement to keep flocks indoors will be adapted, however, to take into account production practices such as free-range farming, the ministry said.

Elsewhere in Europe, Dutch authorities last week ordered commercial farms to keep all flocks inside after bird flu was reported on a farm.

France's measures will not threaten the bird flu-free status the country secured in early September after a previous wave of bird flu, the ministry added.

France culled about three million birds last winter in its southwestern duck-breeding region as it grappled with the spread of the virus from wild birds to poultry flocks.

Poland has reported several outbreaks of highly pathogenic H5N1 bird flu at poultry farms with flocks totalling nearly 650,000 birds. **Please also be mindful Poland is the European Union's largest poultry producer and this could be significant in terms of pressure on both availability & price for UK product as already indicated.**

Norway also reported an H5N1 bird flu outbreak in the Rogaland region in a flock of 7,000 birds.

UK

AIPZ (Avian Influenza Prevention Zone) declared across GB to tackle cases of bird flu

The introduction of the AIPZ comes after the disease was detected in captive birds at premises in Wales, England and Scotland. According to the Welsh government, the disease has also been detected in wild birds at multiple sites across Great Britain.

Cases of H5N1 avian influenza have been confirmed across the UK in recent days, including Norfolk, North Yorkshire, Essex, Cheshire West, Chester, Cumbria, Lancashire, South Derbyshire, Warwickshire, Worcestershire and Walsall.

It is now a legal requirement for all bird keepers in Great Britain to follow strict biosecurity measures to help protect their flocks.

Keepers with more than 500 birds will need to restrict access for non-essential people on their sites, workers will need to change clothing and footwear before entering bird enclosures and site vehicles will need to be cleaned and disinfected regularly to limit the risk of the disease spreading.

Market Report

DECEMBER 2021

Turkeys/Turkey Crowns/Turkey Breasts

UK product will be available but will be tight in terms of supply and lead times are a week in advance for whole Hens, Stags & Turkey Crowns. Please note the lead times and give notice of required.

EU product is secured and available as either single or double boneless breasts.

Global Supply Chain Update

UK

The global shipping crisis has worsened in the UK by Brexit-induced labour shortages, has disrupted supply chains and delayed deliveries. Following a recent culling of pigs due to a shortage of abattoir workers and skilled butchers, signals are that supply chain issues in the meat industry are going to continue.

USA

It's not only meat plants facing a labour shortage but truck drivers too. There are massive congestions at ports impacting both imports and exports. And the USA are focusing on bone-in products for export as don't have the butchery labour.

Australia

COVID restrictions mean workers are not able to return to abattoirs and if this continues Meat Livestock Australia have forecasted approx. 250,000 lambs in oversupply.

Global shipping update

Global supply chains are still recovering from the whiplash caused by the city lockdowns governments imposed in 2020 to contain COVID-19. Initially, lockdowns in China shut factories, which stalled much of the supply side in global shipping. Then lockdowns in the U.S. prompted a surge in demand.

Many other scattered disruptions—such as China briefly closing shipping ports in August and June to prevent a COVID outbreak, and the U.S. suffering a dearth of truck drivers needed for offloading goods at docks—have hobbled the shipping industry's ability to rectify snags in their shipping schedules.

INTERNATIONAL TRADE:

With export demand firm and rising import costs reported, both of which are partly a consequence of a downturn in global production, container costs and delayed shipping remain a major challenge.

By most accounts, foodservice orders are yet to live up to expectations, with an air of uncertainty noted. Feedback suggests that some restaurants have already decided not to open for Christmas, partly due to new mandates and in some cases ongoing staffing issues. According to market participants, mandatory

NHS vaccine passports are already weighing on foodservice orders, with some eat-out venues in Scotland and Wales closing on quiet days and offering reduced menus.

Right around the globe supply chains are in turmoil in the lead-up to Christmas. The global shipping crisis, UK energy crisis, Brexit, ongoing COVID restrictions and an international labour shortage amongst abattoirs and transport are at play in creating these issues.

Final Thought

“THE BEST VEIW COMES AFTER THE HARDEST CLIMB”