



BIRTWISTLES

Market Report

MARCH 2022

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Welcome to our Market Report for March.

KEY POINTS TO NOTE & OPEN WITH THIS MONTH

- Easter 2022 Friday 15th – Monday 18th April – Trading days/cut off times.
- Queen's Platinum Jubilee extended weekend trading days/cut off times.
- EU Stressed Poultry Market Update & The Seriousness of the situation in Europe.
- Ongoing Pork Crisis - Defra National Pig Association summit
- Wheat Prices & Their Impact on the industry.

Easter 2022 trading days & cut off times for ordering

Good Friday 15th April – Normal Trading.

Saturday 16th April – Normal Trading (Cut off time for orders will be 3pm Thursday 14th April)

Easter Sunday 17th April - **Closed**

Easter Monday 18th April– **Closed**

Tuesday 19th April – Normal Trading (Cut off time for orders will be midday Saturday 16th April)

The Queens Platinum Jubilee trading days & cut off times for ordering

Thursday 2nd June – **Normal trading**

Friday 3rd June – **Normal trading**

Saturday 4th June – **Normal trading**

Sunday 5th June – **Closed**

Monday 6th June – Normal trading (Cut off time for orders will be midday Saturday 4th June)

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EU Poultry Market Update/Overview

Such is the seriousness of what's happening in Europe on the back of the news regarding Russia & Ukraine, we wanted to update you on the market prior to this happening, which was already a very suppressed market, and also to the current market outlook at the time of writing and the actions of one country on Thursday 24th February 2022.

Pre 24th February the EU chicken market continued to be a major problem with shortages across the board from all suppliers in all countries. Suppliers running at reduced capacity with labour issues was still the main factor. Producers were being very bullish in terms of pricing because of the low availability of products and the now associated increased transport cost for sending half full trucks to the UK.

Undoubtedly there will be consequences here that people will not have even thought of yet and which will only surface as the situation develops. Everyone needs to look at their supply chains and try to anticipate what the potential impacts could be.

We have been able to remain competitive in the market but for how much longer is beyond our control in the short term even based on the large volumes being used. We were given eight days' notice from a major EU supplier on impending price increases such is the volatility of the EU market currently.

To expand on the situation and give an example of the challenge faced on a weekly basis from the EU we are getting notifications two days before that the product cannot be loaded due to shortages. This leaves us with just over one full day to find alternative stock - an almost impossible task. So having to try and secure UK product to fill the gap as you can imagine is an impossible challenge in terms of trying to remain competitive on price.

The best timeline now for product out of Europe is currently day 1 for day 4 with one major producer. This used to be half the time however producers are now challenged with the new protocols of border controls. We place orders day 1 for day 5 and 6 now from all other EU suppliers - so when we get late notification of stock not loaded you can see the challenges in front of us.

There are six major suppliers in Europe who export the sum total of 74% of all poultry produced to the UK with Poland the largest at 20% and together with the Netherlands being the preferred countries for usage.

EU producers have indicated that they would prefer to implement immediate increases and will switch to weekly pricing from 7th March due to so much uncertainty in the market.

In the UK we have also been notified of increases of a minimum of 7% across the supply base, with individual cuts higher. Thigh meat is again in short supply and what is happening in Europe is putting pressure on the UK market. Issues still remain around staffing and reduced capacity with some UK

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manufacturers only producing for retail. Any hope of some downward movement seems way of in the short term.

In summary on the above and all the challenges ahead the two main reasons for shortages are still Avian Bird Flu and COVID. Poland and Netherlands having been hit the hardest and its knock effects are being felt.

As highlighted and mentioned further in our report in relation to Wheat the Ukraine supplied 30% of all wheat feed into Poland. This will and already has as indicated led to EU suppliers to increases being requested with immediate effect.

Add to this panic buying across Europe is evident as everyone is unsure on what the next development will be.

Pork Overview

Hosted by Defra at its London headquarters, a summit to address the ongoing pig industry crisis took place on Thursday 10th February.

Farming minister Victoria Prentis agreed to a request by the National Pig Association (NPA) and National Farmers' Union (NFU) for a roundtable event to discuss the issues faced by the pig sector.

Government delegates, pig farmer representatives and individuals from processors and retailers attended in person or dialled in. The summit addressed the various ways action could be taken to speed up the processing of British pigs and ease the backlog on farms.

Among the topics for discussion were:

- How the government support package could be used more effectively to increase the throughput of pigs.
- What more could be done to attract butchers to work in pork plants.
- How retailers could increase their demand for and promotion of British pork.

The NPA said it expected the roundtable to deliver progress, including a written report on the output of the roundtable so that it can follow up on commitments made.

Some of the points to come out of the roundtable meeting

The National Pig Association (NPA) said that the pig industry crisis summit, had "delivered some progress" but urgency is now needed to save the sector.

It had produced "a coherent plan to ease the pig backlog." It added, however, that the commitments made by those that took part now need to be acted on and "implemented with real urgency to provide desperate pig farmers with some hope for a viable future."

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A plan for the backlog

Minister Prentis suggested that further groups are convened to look at the logistics of easing the backlog as the basis for a coherent plan to get more pigs off farms.

Processing capacity

Processors said they have been working to full capacity during weekdays, meaning further shifts would have to occur at the weekend. However, Defra's latest monthly slaughter figures for January suggest extra slaughter capacity is there.

Changes to support measures

The government is considering changes to its support package, including allowing fresh pork from pigs slaughtered under the Slaughter Incentive Payment scheme, to be sold on the domestic market.

The NPA and others called for changes to the skilled worker route, including the removal of the "unnecessary" English language requirement and adding butchers to the shortage occupation list. NPA noted that this is not Defra's policy area and little progress was made. Minister Prentis agreed to convene a meeting with the Home Office and interested parties to look at the issues.

Labour shortages

All parts of the supply chain highlighted labour shortages as the primary cause of the problems being experienced by the industry.

Financial support for processors

NPA called for a compensation package for producers. Minister Prentis has pledged to talk to banks to make sure that they "look with leniency" where pig farmers are experiencing difficulties.

Supply chain review

Minister Prentis has announced an "immediate review of Supply Chain Fairness in the pig sector." The roundtable also discussed the need for retailers to work with processors to stock and promote more British pork as it comes through the system.

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GB Deadweight Prices – Pigs (SPP)

Week 8 2022

Source: AHDB MI

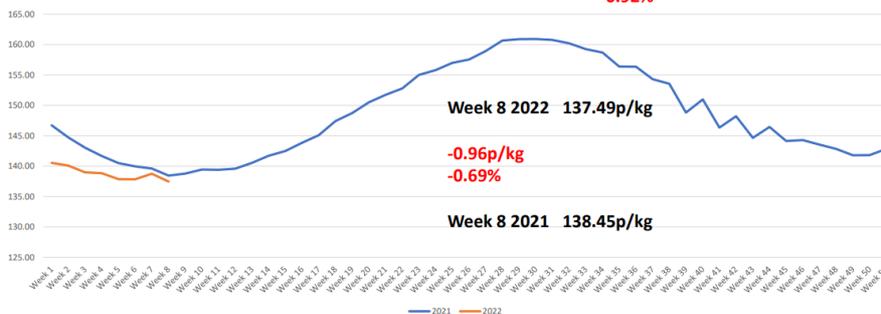
Weekly Price Movement

Week 8 2022 137.49p/kg

Week 7 2022 138.77p/kg

-1.28p/kg

-0.92%



Pork legs from the EU used for gammon production on the back of the news on 24th February have increased by £0.20 per kg. There is also a chance that many EU producers will now start to stockpile due to the uncertainty of what will happen next.

Pork really does still represent good value compared to almost all other proteins in terms of availability/range of cuts and cost.

We have seen a lot of focus on Pork items for new menu development which can be more sustainable than others and would welcome any requests for products you may have in mind. Please do feel free to speak to us for your requirements and advice.

Beef Overview

The higher cost of living figures is a source of concern among beef market participants. With robust media coverage on the topic this will impact the mix of items demanded in the beef market and in the greater protein sector as a whole. With demand being created for items in the retail supply chain, they will of course get what is required and further put pressure on all below in the supply chain.

Producers both in the UK and EU are starting to stock pile trims ahead of the Spring/Summer when demand for burgers etc will be at its highest. This again is causing shortages in the trim market with wholesale prices at record levels of around £4.50/kg, which in the last month alone is a 15.3% increase in cost price.

Beef Fillets are again under pressure, caused by demand from Europe with the easing of restrictions and their hospitality sector re-opening as we did have seen an increase of a staggering 35.2%. To note this small primal (two per animal 2 kg in weight each) accounts for only 4% of the 100% yield.

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Striploins & Rib Eyes have seen increases of 10% due to the above with other cuts being exported that require little or no labour in terms of specification being preferred by UK producers.

Polish beef has been muted and will be affected due to the situation in Eastern Europe. This will impact further on imports with the UK prices rising and availability on certain lines again becoming an issue.

Deadweight values for steers and heifers moved slightly but remained well above YOY levels. Deadweight prices for cows continued their seasonal advance, also higher than last year at this time.

GB Deadweight Prices - Steers

Week 8 2022

Source: AHDB MI

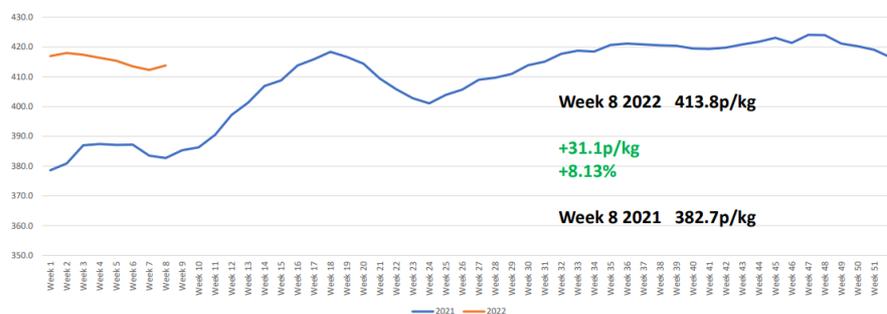
Weekly Price Movement

Week 8 2022 413.8p/kg

Week 7 2022 412.3p/kg

+1.5p/kg

+0.36%



Global beef prices

Export demand continued with US buyers of imported boneless beef being somewhat apprehensive as imported manufacturing beef (Trims) values test the market at 52-week and in some instances all-time highs.

Comment on the US trim Market, this will have an effect on the UK market.

“The trim markets here in the US are going to be interesting – we use quite a bit of imported boneless beef in the fast food sector – and with China buying more from New Zealand and Australia working through their drought we have come to rely more on Brazil – but that quota is getting filled quickly – (UK and Ireland ship to the US under that same quota category) – not quite sure where the boneless beef will come from in the second half of the year and those concerns are inflating prices for trim/grinding (Mincing) items.”

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UK Lamb Market Overview

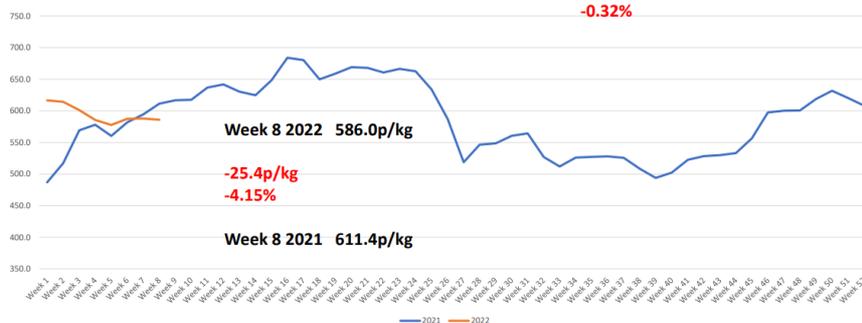
The GB deadweight old season lamb price averaged 587.90p/kg, largely unchanged (+0.5p) from the week before. The measure was 5p lower than the price recorded during the same week a year ago, but still over £1 ahead of the five-year average.

Lamb throughput at GB abattoirs was estimated to be 230,000 head for the week, up 10% from the week before.

GB Deadweight Prices - Sheep

Week 8 2022

Source: AHDB MI



Other News

Wheat Prices

Ukraine has a massive influence on wheat prices in the EU which means that feed costs will go up substantially. How this will impact on milk and meat production in the UK and how quickly it will impact we will have to see but there is a serious concern and one which has already had an impact on Poultry increases from EU suppliers.

The price of wheat smashed its previous record high in European trading on Thursday 24th February as Russia invaded Ukraine, putting a question mark on the future of exports from two of the world's biggest producers of the key commodity.

Wheat soared to 344 euros (\$384) a ton, far above its previous record of 313.5 euros recorded late last year.

This could be just the beginning.

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FINAL THOUGHT

“Only in the darkness can you see the stars”

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