BIRTWISTLES

Market Report

JULY 2022

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Welcome to our Market Report for July 2022

KEY POINTS TO NOTE

- Christmas 2022
- Turkey update EU & UK
- Poultry demand versus availability
- South American Beef Market Update
- Foot & Mouth update
- Avian Bird Flu update
- Beef, Pork, Lamb & Poultry updates

Market Report

JULY 2022

Christmas Planning 2022

Yes, we can hear you say “It’s still only July”

We cannot stress highly enough, more so now in this new world we find ourselves in, how important it is that you communicate your requirements/forecasts with us.

This year we are glad to be able to offer once again specialist items for your plated functions.

- Cut-off date for volumes/forecasts will be Sunday 31st July 2022.

Please also do not forget about Pigs in Blankets when looking at forecasts/volume.

Order/delivery dates can be placed as usual nearer the time.

Please also feel free to speak directly with your account manager for more details.

Market Report

JULY 2022

Turkey Update

Currently, as with the pressure on all associated poultry lines, Turkey has not been untouched in the last six months by increases in price; at the time of writing prices for EU products are currently now at the levels from last November/December. Historically this was the highest price due to demand over the festive period & in line with UK pricing.

What is driving this price is a shortage of birds being placed on the ground and farms switching to chicken to satisfy demand across Europe the UK and further afield.

In the UK alone seven sites usually used for Turkey farming have closed and switched to Chicken.

We continue to speak to our partners both in the UK and EU and will update when available pricing for November/December. However we are unlikely to see any softening in the short term and continue to monitor the market on a weekly basis.

Poultry Demand versus Availability

In what seems a never-ending challenge around procurement/supply of products in high demand particularly around Wings/Thigh Meat for the hospitality industry, we have seen prices again stay firm on the whole but tick upwards on the above lines in particular.

Contributing to this we have seen shortages on whole birds with farmers reluctant to put birds on the ground without guaranteeing the correct return as the continued high cost of production including feed, energy, labour continue to be the biggest challenges faced.

It is anticipated that whole birds could increase from anywhere between £0.10-£0.50 per kg in the coming month.

We are also affected by the Bank Holidays in Europe impacting on production/volume and available delivery days.

In relation to Thigh meat and the demand, producers have had to satisfy retail contracts first and foremost and balance the remainder of cuts elsewhere.

The impact on wings and the current availability and pricing has not been helped and impacted by a deal signed between the UK & Canada for 100mt per month for the next six months. This has to be fulfilled and has created shortages and pressure in the market.

Market Report

JULY 2022

South American Beef Update

The market has found a new level in terms of pricing and shows no signs in the short term of softening. Contributing and current factors to this from each country are listed below.

Uruguay

Slaughter numbers have been reduced by up to a third due to increases in shipping cost from South America to the UK/EU with increases between 40-600% being reported.

Container availability on top of this has still been an issue with between three to five thousand containers still backed up in Shanghai awaiting unloading due to labour issues.

Product availability is as tight as it has ever been with China now taking up to 90 % of beef from Uruguay due to its proximity and cheaper shipping costs.

Argentina

Argentinian Beef is now the most expensive grass-fed beef in the world. The government's interventions have generated uncertainty in the beef market after it limited exports of beef in the middle of the year to 50% of the previous year's normal volume.

Retail beef prices in the region have also increased by more than 65% over the last year.

Brazil

Production in Brazil is not being helped currently by Vets at processing plants striking over pay. If no vets are onsite, they have to close having a massive effect on output and a domino effect to all export markets supplied.

Brazilian farmers are also likely to send fewer cattle to feed lots in the second half of 2022 as feed becomes more expensive. Rising prices for inputs used in animal feed, such as corn & soya bean meal are currently pushing farmers to slaughter cattle instead of sending them to feed lots. This has put some downward pressure on prices in the home market as producers look to sell rather than incur more on costs with feed.

The main reason for prices on feed soaring is a direct result of the conflict between Russia and Ukraine.

Also pushing prices up is a shortfall in Brazil’s own crop of soybean and corn due to a long drought last summer.

Foot & Mouth Update

UK officials rule out suspected case of foot and mouth disease

We are glad to not be having to prepare for the worst, which is what we feared when this story first broke towards the end of the week commencing 20th June. We will not dwell on what could have been after all we have already faced in 2022 but can update you below.

UK officials on Friday 24th June ruled out a suspected case of foot and mouth disease in the rural eastern county of Norfolk.

Movement restrictions and a temporary 10-km control zone for animals were enforced around a farm, according to the Department for Environment, Food and Rural Affairs.

Following swift action in response to this possible case they can confirm that testing has enabled them to fully rule out the presence of foot and mouth disease informed by Christine Middlemiss, Britain's chief veterinary officer.

The last British outbreak was in 2007, but a particularly severe outbreak occurred in 2001, which resulted in the slaughter of more than six million animals.

Market Report

JULY 2022

Avian Bird Flu Latest situation

UK

Highly pathogenic avian influenza (HPAI) H5N1 was confirmed on 21st June 2022 in captive birds (non-poultry) at a premises near Guestling Green, Rother, East Sussex. All exposed birds on the infected premises will be humanely culled. A 3km Captive Bird Monitoring (Controlled) Zone was put in place around the premises.

The Avian Influenza Prevention Zone (AIPZ) remains in force across Great Britain until further notice, with only the housing measures component being lifted. This means, while birds are allowed to range outside, all bird keepers (whether they have pet birds, a commercial or a backyard flock) must continue to take effective and precautionary biosecurity measures until further notice.

Risk level

The risk of incursion of highly pathogenic (HPAI) avian influenza H5 in wild birds in Great Britain remains at medium. The risk of poultry exposure to HPAI H5 in Great Britain remains at medium.

Cases in England

There are currently 102 cases of avian influenza H5N1 in England.

There were also 2 cases of avian influenza in Wales where a small area of the disease control zones extended into England. In addition, there were 2 cases of avian influenza in Scotland where a small area of the surveillance zone surrounding each case extended into England.

Cases in Scotland

The following cases of highly pathogenic avian influenza (HPAI) H5N1 have been confirmed at premises in Scotland:

- in the Angus constituency
- near Gretna, Dumfriesshire, Dumfries and Galloway
- near Annan, Dumfriesshire, Dumfries and Galloway
- near Moffat, Dumfriesshire, Dumfries and Galloway
- near Gretna, Dumfriesshire, Dumfries and Galloway
- near Inverurie, Aberdeenshire
- near Collieston, Aberdeenshire
- near Beith, North Ayrshire

Cases in Wales

The following cases of highly pathogenic avian influenza (HPAI) H5N1 have been confirmed at premises in Wales:

- near Chirk, Wrexham
- near Gaerwen, Isle of Anglesey
- near Crickhowell, Powys
- near Newtown, Montgomeryshire, Powys
- near Welshpool, Montgomeryshire, Powys

Cases in Northern Ireland

The following cases of highly pathogenic avian influenza (HPAI) H5N1 have been confirmed at premises in Northern Ireland:

- in Aughnacloy, County Tyrone
- in Broughshane, County Antrim
- in Armagh, County Armagh
- in Coagh, County Tyrone
- in Ballinderry, County Londonderry
- in Enniskillen, County Fermanagh – temporary control zones in place pending further testing

In France

Following further improvements in the disease situation in France, the agriculture ministry has officially lowered its assessment of the HPAI threat to "negligible."

On June 8th no new cases had been detected in the nation's poultry flocks since May 17th. Furthermore, the weather has become less favourable for the survival of the virus, and seasonal wild bird migrations are almost complete.

Already in April, controlled repopulation of previously infected premises began in the southwest of France. For the Grand-Ouest region in the north-west of the country, this process started on June 1st. According to the ministry, repopulation is being carried out by poultry type, and under intensive surveillance.

Market Report

JULY 2022

Beef Overview

Prices for UK beef primals has remained firm with a very slight softening on some premium steak primals. This has been affected by demand for winter premium products such as Topside, Silversides & Knuckles. These are still in demand due to high steak prices with end users looking to keep carvery options on menus rather than switching to steak meat to remain competitive.

The demand for UK trims is still high with prices predicted to increase further during the peak months for demand in July/August. We do not expect to see any softening until at least September which will affect and keep firm all associated products such as mince & burgers.

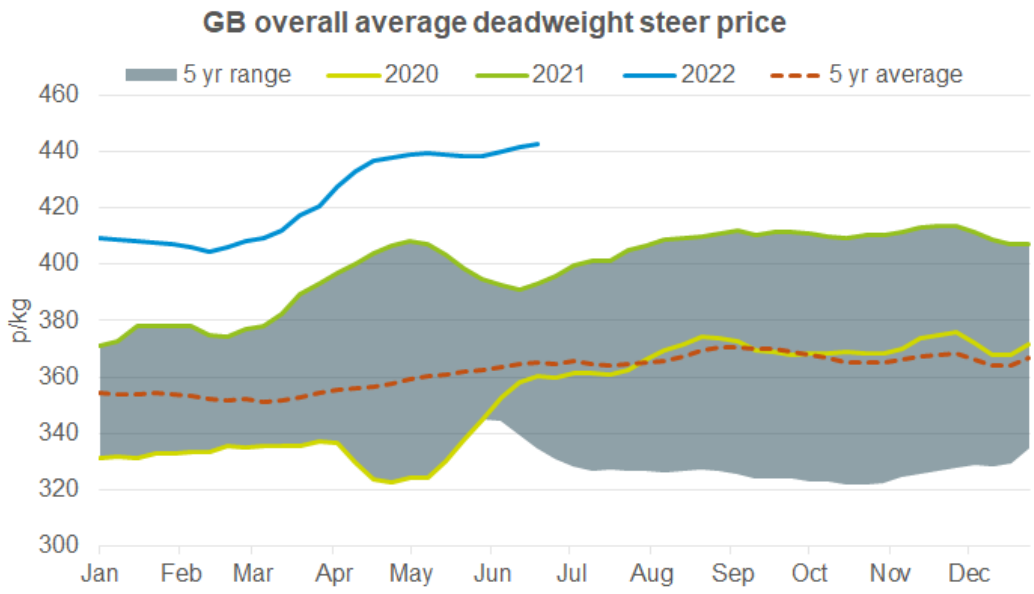
There were indications that demand through retail outlets has slowed – particularly for higher valued cuts. As we've mentioned below, consumers continue to trade down from higher-priced cuts to lower-priced beef items.

The publics shopping habits have also changed as a result of the cost-of-living crisis we are in with consumers looking at mince rather than joints, diced or steak meat. Retail mince prices have increased in the last week alone as a result of this by .05p kg.

Cattle prices on the move again

After a couple of weeks of relative stability, cattle prices rose again in the week ending 18 June.

The deadweight GB all-prime average rose 1.6p to 442.3p/kg.



Market Report

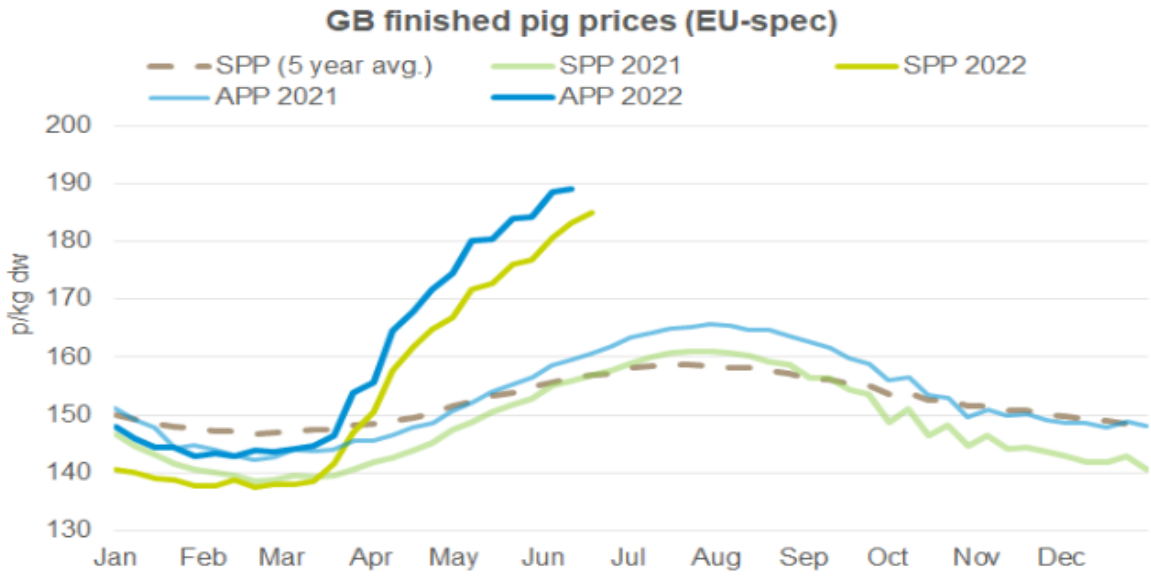
JULY 2022

Pork Overview

GB pig prices rise further

The EU SPP (Standard Pig Price) rose again, by 1.88p to 184.98p/kg in the week ending 18th June. It almost goes without saying that this average market price is still below the estimated cost of production and the pressure on producers around feed costs as noted on June's report.

Carcase weights averaged 89.82kg, nearly 400g lighter than last week, but still 3.5 kg heavier than a year ago.



Prices are going to remain firm with the forecast to strengthen further with the price required to compensate for high production costs.

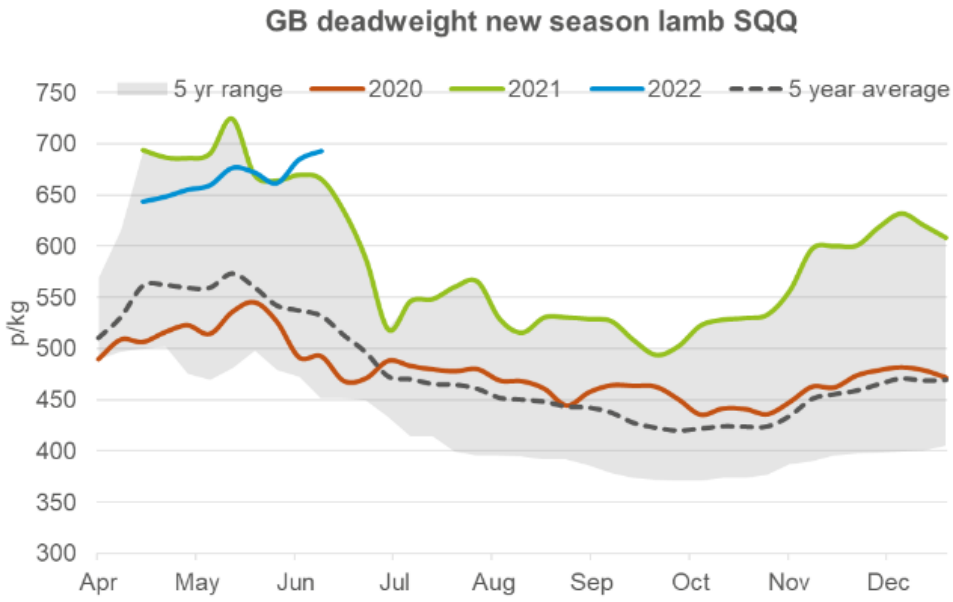
Market Report

JULY 2022

UK Lamb Market Overview

The GB deadweight NSL (New Seasons Lamb) averaged an eye watering 692.9p/kg in the week ending 11th June, up 8.2p from the week previous, and up on the same week last year by 27.7p.

We are entering the start of the prime UK season which will run until December 31st but doubt we will see sufficient enough easing to make the protein attractive again and re-appear of menus.



Challenges in New Zealand around feed & labour costs, which are up 30% year on year, have also affected the shipment of containers and the next arrivals in the UK are not expected to land until mid-September at the earliest.

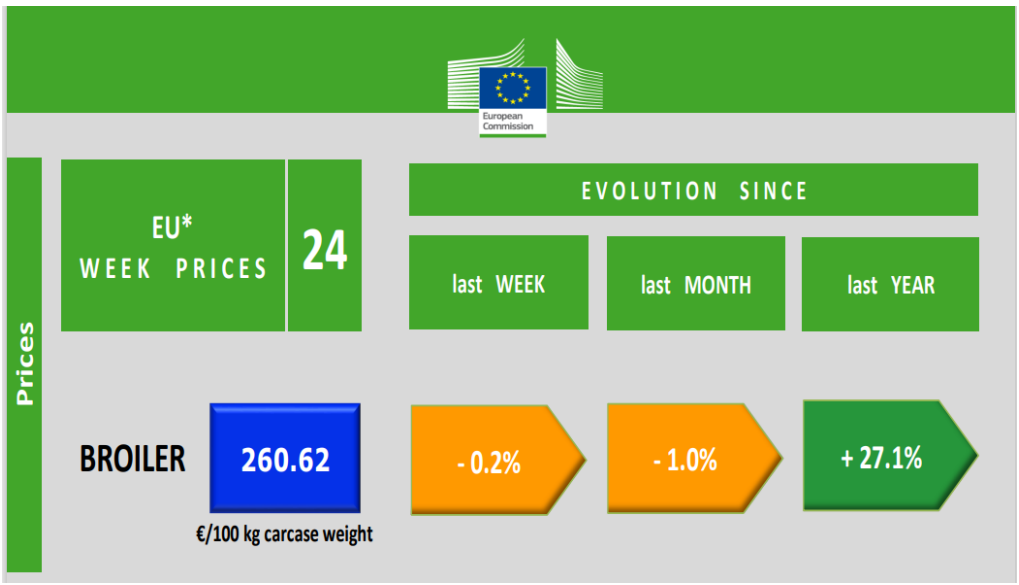
Market Report
JULY 2022

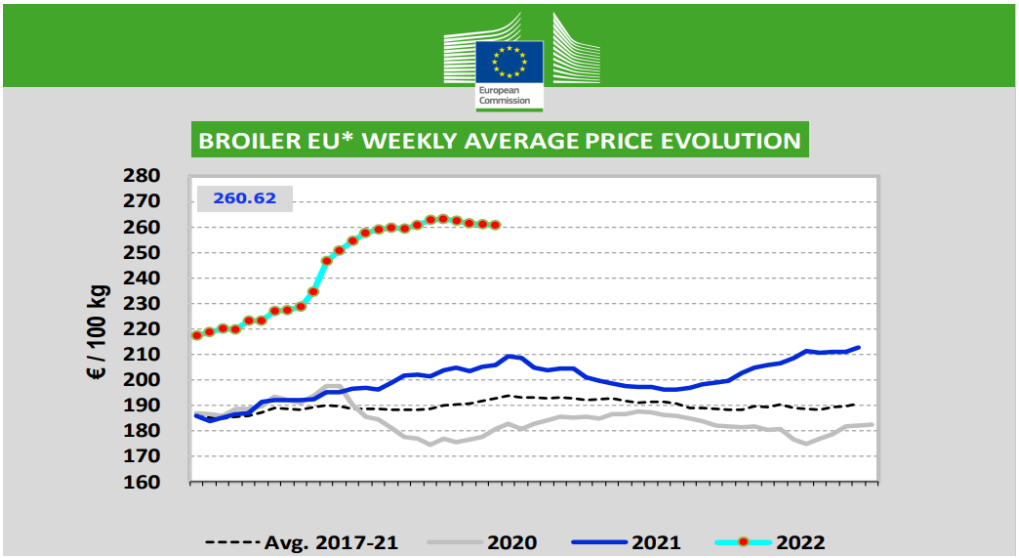
Poultry Update

Demand continues to be strong in particular as noted earlier in the report and below with supply on both items outstripping supply.

Wings & Thigh meat both from the UK & EU are a particular concern around volume and price.

Below is the latest information in relation to current UK/EU pricing.





Wholesale Market Prices – UK / EU Fresh Chicken

B/less thigh Skinless	UK RTA	£4.70
B/less thigh Skin on	UK RTA	£4.65
Thigh meat	EU	£4.30
Wings	UK RTA	£2.10

To note the wings are 3 joint tip on mid & prime. These are the most in demand from the hospitality sector are commanding £2.50 per kg and firming.

Any valued added products do incur associated on costs in terms of the cost of the current raw material, ingredients, labour, packing & extra production time - all costs to be considered in accurately quoting selling prices.

We still have the ongoing issues in France around supply in particular of Confit Duck Legs, Duck Legs, Duck Breasts, Corn Fed Supremes & Whole Corn Fed Birds as well as Guinea Fowl Supremes.

As noted in the Avian Flu section of this report stocks on the ground in France are starting to be replenished but the two largest producers in France do not expect stocks to return to normal levels until late in September and the continued shortage of the above will continue. Please be mindful when menu planning to avoid disappointment.

FINAL THOUGHT

"POSITIVE THINKING, POSITIVE OUTCOME"