



BIRTWISTLES

Market Report

DECEMBER 2022



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Welcome to our Market report for December

Key Points to Note

- Beef Overview
- Pork Overview
- Lamb Overview
- Poultry Overview
- Avian Flu Update
- Turkey Update

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Beef Overview

Input prices are still high, remaining significantly above earlier figures and despite the record high prices seen this year farmer margins will be feeling the pressure. Although feed ingredient prices have eased from pre-harvest highs, tight supplies are keeping prices supported as we enter winter peak demand.

GB Deadweight Prices - Steers
Week 46 2022
Source: AHDB MI



Weekly Price Movement
Week 46 2022 456.2p/kg
Week 45 2022 455.4p/kg
+0.8p/kg
+0.18%

GB deadweight prime cattle prices continued a steady upward trend and remain considerably higher than in 2021 and the 5-year average.

As usual at this time of the year seasonal demands on Roasting Joint, Ribs of beef, Rib eyes and Fillets is as expected buoyant.

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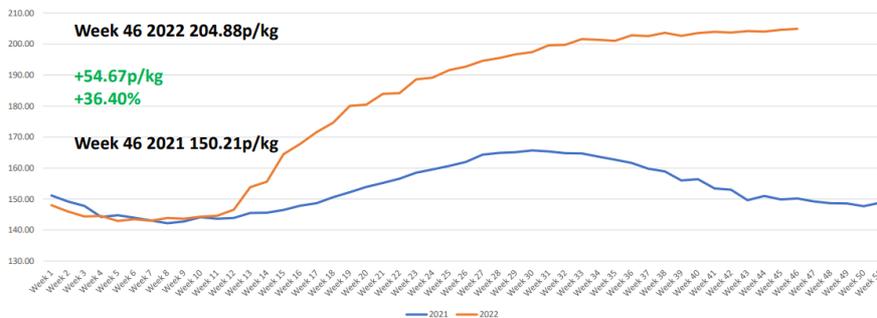
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UK Pork Overview

GB deadweight pig prices have held above the £2/kg price as markets remain flat, with the prices fluctuating between 200.09p/kg and 200.55p/kg. Weekly prices have also remained flat across the APP (All Pig Price), with the APP averaging 203.95p/kg on the previous four-week period.

The SPP (Standard Pig Price) (EU spec) fell slightly during the latest week, down from 200.43p/kg to 200.22p/kg.

GB Deadweight Prices – Pigs (APP)
Week 46 2022
Source: AHDB MI



Weekly Price Movement
Week 46 2022 204.88p/kg
Week 45 2022 204.58p/kg
+0.30p/kg
+0.15%

Input prices are still high, remaining significantly above earlier figures this year. Despite record pig prices, they remain some way off covering the estimated cost of production, with October's COP estimate sitting at 232p/kg. Although feed ingredient prices have eased slightly, feed prices continue to hold, against a backdrop of pressure on grain markets.

Category	Value
Deadweight prices	
GB (w/e 29 Oct 22 ¹)	200.22p/kg
EU (w/e 30 Oct 22 ²)	172.17p/kg
Input costs (annual change)	
Fuel (Oct22 ¹)	+51% yoy
Feed wheat (Oct22 ²)	+23% yoy
COP (Aug22)	232p/kg

¹ GB EU-spec SPP
² EU grade E reference price
¹UK red diesel
²delivered, EAnglia (Nov)

Spot compound feed prices eased in the last three months compared to the highs of April, May and June. Unfortunately, spot prices for October have risen together with significant increases in energy prices and interest rates October. Prices still do not cover the full economic cost of production, resulting in a continuing loss-making position for pig producers of around -£28 to -£33 per pig.

With pig producers experiencing continued negative margins since October 2020, it is estimated (based on the total pig slaughter numbers) that the industry has lost £737m in the last two years. Slaughtering has been lowered at some sites to 3 days a week because of high input costs.

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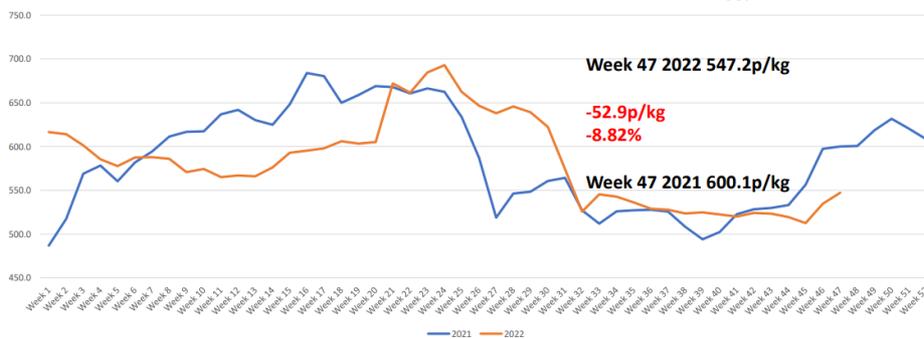
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UK Lamb Market Overview

New season lamb prices continued to ease following seasonal trends, however these prices remain well above the 5-year average.

GB Deadweight Prices - Sheep
Week 47 2022
Source: AHDB MI

Weekly Price Movement
Week 47 2022 547.2p/kg
Week 46 2022 534.5p/kg
+12.7p/kg
+2.38%



Deadweight prices showed slightly more stability. Deadweight prices have dipped below those seen a year ago but remain substantially higher than the 5-year average.

Input prices are still high, remaining significantly above year earlier figures and despite record high prices seen this year, farmer margins will be feeling the pressure. Although feed ingredient prices have eased from pre-harvest highs, tight supplies are keeping prices supported as we enter winter peak demand. Natural gas prices are still at historically high levels, reducing domestic production and increasing imports which is sustaining high prices.

In terms of product availability and as we enter the winter months, Lamb Shanks seem to be the most under pressure to source between now and the year-end even with increased throughputs year on year.

Prices
(w/e 29 Oct 22)

GB **Liveweight**
222.1p/kg

NSL

SQQ **Deadweight**
519.5p/kg

Cull ewe (liveweight)
£66.99/head

Input costs
(annual change)

fuel **Oct22¹**
+51% yoy

feed wheat **Nov22²**
+25% yoy

fertiliser **Oct22³**
+48% yoy

The UK has produced 200,700 tonnes of sheep meat so far in 2022 (Jan-Sep), 5% more than at the same point last year. UK lamb kill is up 4% year on year.

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Poultry

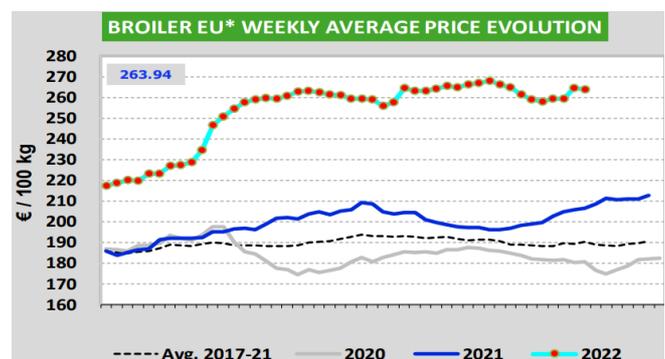
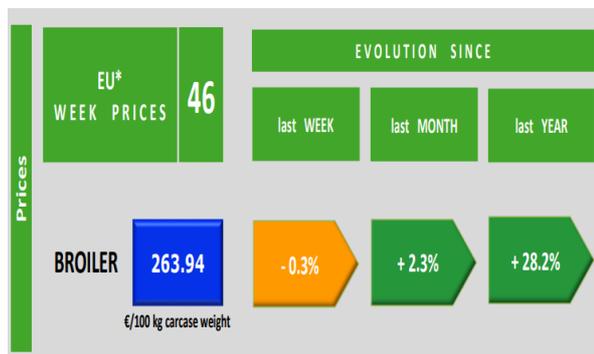
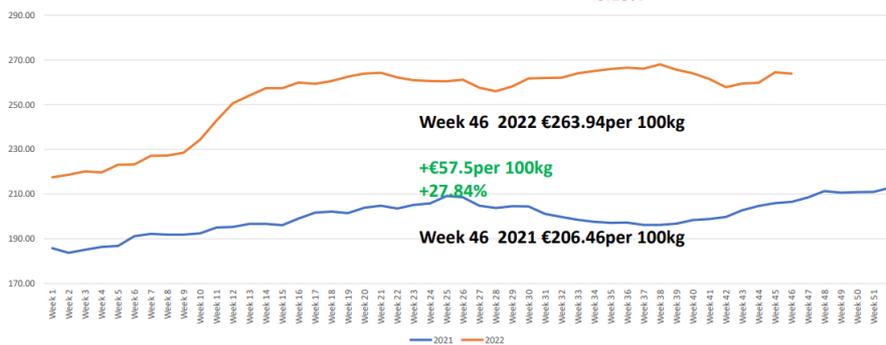
UK poultry, along with EU poultry, has remained firm for months, add to this the ongoing and increasing outbreaks of Avian flu both here in the UK and EU the market shows no sign of softening.

Demand for banqueting items such as breast fillets/supremes has been strong and also been looked at as an alternative to UK turkey if not available.

Demand for chicken thigh meat in the casual dining sector is still in some cases outweighing supply with the need for producers to balance the carcass/stocks to avoid having to suffer further losses in addition to still high input costs.

EU Poultry Prices (€ per 100kg carcass)
Week 46 2022
Source: European Commission

Weekly Price Movement
Week 46 2022 €263.94per 100kg
Week 45 2022 €264.43per 100kg
-€0.5per 100kg
-0.19%



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Turkey

With the continued onset in the UK and Europe of Avian flu coldstores which would be full and ready for the last quarter, the busiest period for turkey of 2022, are now empty as stock has been brought forward to meet demand due to the shortfall on availability.

Avian Influenza (Bird Flu) has hit the UK particularly hard this year with an unprecedented level of cases. Around 48m birds have been culled across the UK and the EU in the last year as a result of the largest outbreak of avian flu on record.

It is inevitable that supply of British turkey due to this will be affected and this will also affect EU product should customers which to switch to an alternative. Suppliers are not willing to fix pricing for December so to say we are in the dark around any further changes through December is an understatement.

The food supply chain produces over 11 million turkeys in the United Kingdom every year with just under two thirds of these consumed over the Christmas period.

What have we done to minimise the impact to our customers?

- We had our forecasts in with suppliers as early as possible this year to ensure supply to us is prioritised.
- We will have EU alternatives for single & double turkey breasts & related lines.
- We are continuing to work with our suppliers on a daily/weekly basis to minimise disruption.

This is a problem impacting the entire market, not just limited to Birtwistles.

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Avian Flu Update

The Environment, Food and Rural Affairs (EFRA) committee is to hold a hearing on the latest outbreak of this highly contagious disease which has and continues to threaten supplies of Tukey for the Christmas period.

On top of this there has also been reports of egg shortages and egg rationing in supermarkets which is a direct and expected result of the avian influenza.

Poultry farmers, experts and government agencies dealing with the situation will answer questions on why this outbreak in the UK especially has been so serious and prolonged.

Farmers are still having to comply with housing orders to keep flocks indoors to prevent further infection. This of course also has implications around “free-range” birds.

In consultation with the Food Standards Agency (FSA), an easement to marketing rules is also being introduced in England. The measures are designed for farmers who breed turkeys, geese or ducks for their meat, who will have the option to slaughter their flocks early and to freeze these products. These can then be defrosted and sold to consumers between the period 28th November and 31st December 2022.

This option will give us some certainty over business planning but will result in a lot more smaller birds and very few Stags.

Questions will also be asked around the “freeze & thaw” scheme as noted above which allows turkeys to be culled in advance of the Christmas trade.

The chief veterinary officer for the UK has introduced a national Avian Influenza Prevention Zone meaning that bird keepers must implement strict biosecurity measures to safeguard their flocks from this highly infectious disease. In addition to this, a regional housing measure remains in place across Norfolk, Suffolk and parts of Essex, where keepers must house their flocks until further notice.

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We would like also to thank you for your continued support & wish you all a successful Christmas and a prosperous New Year.

Final Thought

“This year may have thrown more at you than you planned, but you still made it”

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