BIRTWISTLES

Market Report

SEPTEMBER 2023

Welcome to our Market report for September

Key Points to Note

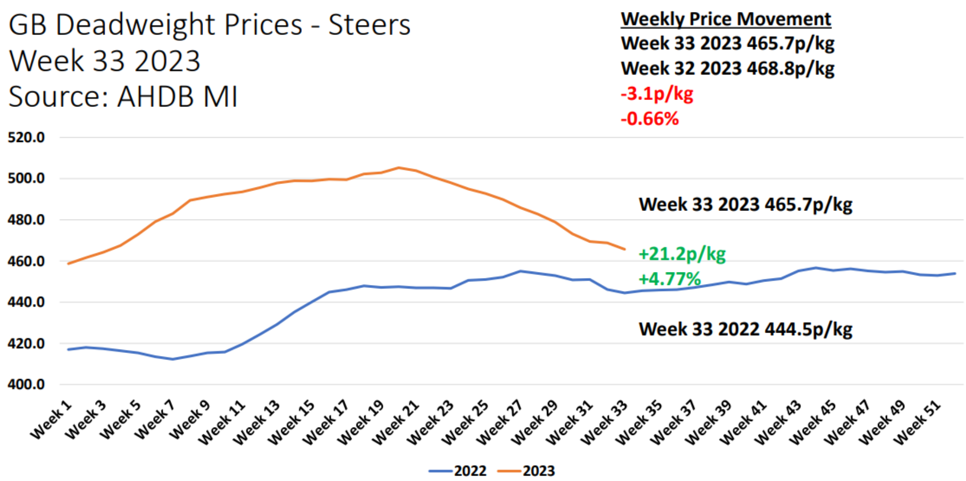
- Beef Overview
- Pork Overview
- Lamb Overview
- Poultry Overview
- UK Game
- Australia Free Trade Deal. What's Happened So Far & A Look into The Future
- Avian Bird Flu Update

Beef Overview

Cattle price update: prime prices rise and cow prices stabilise on lower supply

In the week ending 26 August, week 32, prices ticked up again. The overall average steer price gained 2.6p to average 459p/kg, while heifers rose by 2.2p on average to 457p/kg. Both measures stood around 24p ahead of the same week a year ago.

Estimated slaughter figures would suggest that cattle supplies are shorter currently. Weekly GB prime cattle slaughter has fallen through August to an estimated 29,600 head per week in the week ending 26 August (estimated kill was 34,000 in the week ending 5 August). Slaughter has been running below previous years' levels for several weeks.



Demand

Domestic demand for beef has been under pressure for some time, as consumers grapple with increased inflation. Volumes of beef sold through retail have been below 2022 levels since the start of the year, with decline seen in key cuts including mince and roasting joints.

Beef performance in foodservice has been positive compared to a year ago. With Autumn approaching and menus changing the focus is the opposite to retail with roasting joints remaining firm, but this has been outweighed by declines in retail. Data suggests that demand has eased further, potentially reflecting variable summer weather.

Producers are struggling to balance the carcasses and are experiencing significant financial losses (demand for trims and high-end stake meat are lower than expected).

There will be pressure on price as the suppliers cannot sustain these losses. Pressure could follow on round cuts and Joints as we enter Autumn.

Supply

Against the backdrop of weaker consumer demand, supply dynamics may also be weighing on prices. UK imports of Irish beef rose in May compared to a year ago, following several months of lower volumes. Since then, domestic supplies have also risen, with Defra production figures for June showing more cattle slaughtered during the month compared to a year ago. Industry reports suggest that stocks of VL (visual lean / trim for mince) are sufficient for demand at present.

What's the outlook for GB cattle prices?

From a demand perspective, UK beef consumption is expected to remain subdued for the rest of the year, as people restrict their buying. Beef through retail may benefit from some shoppers moving their out-of-home spend in-home to save money, but we predict that reductions in volume and switching to cheaper proteins will contribute to overall consumption decline.

On the supply side, it is anticipated that domestic cattle supplies will increase seasonally towards Christmas, but overall cattle slaughter will remain below a year ago. Lower cattle availability may offer some support to cattle prices. However, the differential between the price of homegrown beef and that of imported product will be key to watch. With Irish cattle supplies expected to tick up towards the end of the year, and demand forecast to remain subdued in key export markets, this may point to further pressure on Irish prices.

Global Markets

Argentina-Has become more expensive and will be in short supply as Argentina have instigated a 14 day self-imposed export ban, the last time this happened they extended the ban for 6 months.

Uruguay -The knock-on effect from the abovesituation in Argentina will make this more expensive as suppliers will look to cover the Argentinian shortfall.

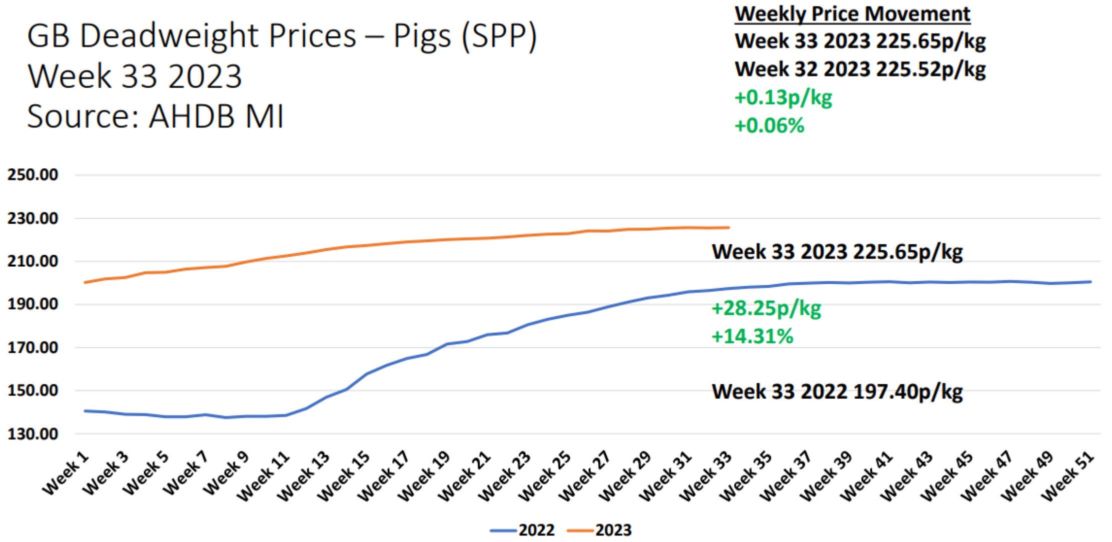
Brazil– The market is currently stable and looks to remain so during September.

Pork Overview

Reduced production, higher pig prices and lower consumer demand has led to a challenging trading marketplace for pig meat in the UK.

Key trends

- Standard Pig Price hits 225p for the first time.
- Average Pig Price averages 223p throughout the month.
- Net margins from cost of production at +£22 per head.
- Feed costs, pig price, and building costs remain key watch points in cost of production.



Market update

The EU-spec Standard Pig Price hit **new highs during July, averaging 225.0p** kg and reaching 225.4p. Prices rose 2.1p compared with the previous month, as weekly gains averaged 0.3p. The first week of the month saw a minor decline, however, this was balanced out by a jump of 0.82p in the second week.

The Standard Pig Price ended the month almost 30p up from the same period in 2022, and over 60p up from the 5-year average. The EU-spec All Pig Price averaged 223.0p for the four weeks ending 29 July, an increase of 1.1p compared with the previous four-week period. Despite a fall of 0.4p in the second week, the final week of the period more than made up for lost ground, increasing 1.7p to end the month at 224.3p.

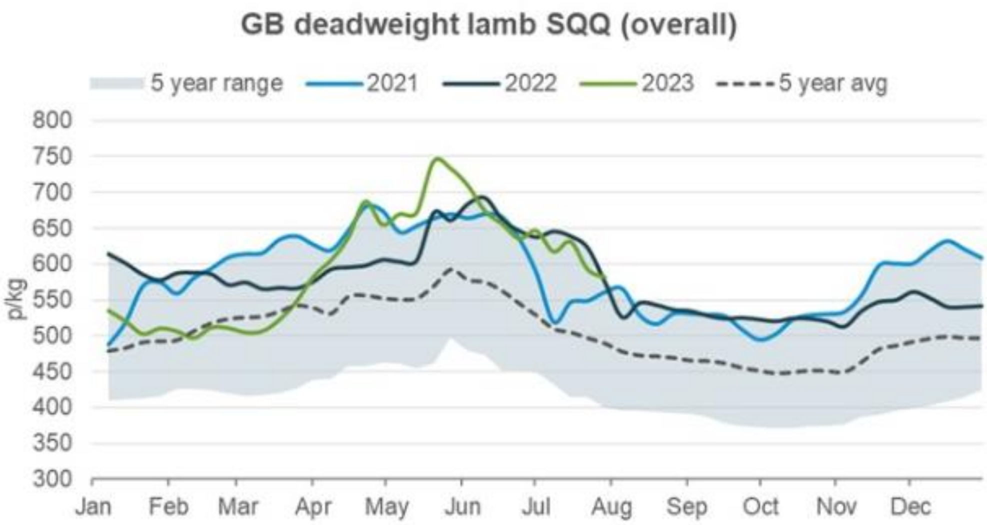
UK Lamb Market & Overview

Lamb prices ease but remain historically firm

Key market trends

- Supplies of lamb have uplifted through June.
- Domestic demand remains pressured by the cost-of-living.
- Exports to the continent have fallen from March peak.
- Imports grew from New Zealand in May but remain below 2022.

The GB deadweight new season lamb (NSL) SQQ averaged 651p/kg for the month of June, a fall of 55p from May and almost 9p on the year, as it ended the month (1 July) at 646p/kg. The equivalent liveweight measure averaged 307/kg for the month of June, as it ended the month (1 July) at 292p/kg. This represented a drop of 19p from May and almost 5p on the year.



Lamb Racks & Whole Saddles are ticking upwards. Carcase balance again is the main issue with demand for Lamb Legs and Shoulders lower than expected (kills being lowered due to carcass in balance issues)

What's the outlook for GB sheep prices?

Production is expected to grow throughout the remainder of 2023, as GB lamb kill is forecast higher on-the-year through the second half. Domestic lamb consumption is expected to remain lower than 2022, as consumers face the cost-of-living crisis, this could point to potential downward pressure on prices.

However, tighter supply forecast in the EU and favourable pricing is expected to support trade with the continent, while EU demand is expected to stay firm thanks to lambs' cultural and religious significance. This could soften potential price declines vs 2022.

A key watch point for lamb prices more widely comes from the Southern Hemisphere, as Australian and New Zealand product remains more competitive on the international stage, amid greater Australian supply.

Poultry

UK

Supply has been constant in remaining firm. With the onset of September and the return of the education sector, demand for leg meat (legs whole & drumsticks) in particular is high due to featuring on menu cycles for the first term back.

UK demand from foodservice is still strong with supply still meeting demand thigh meat & wings have remained.

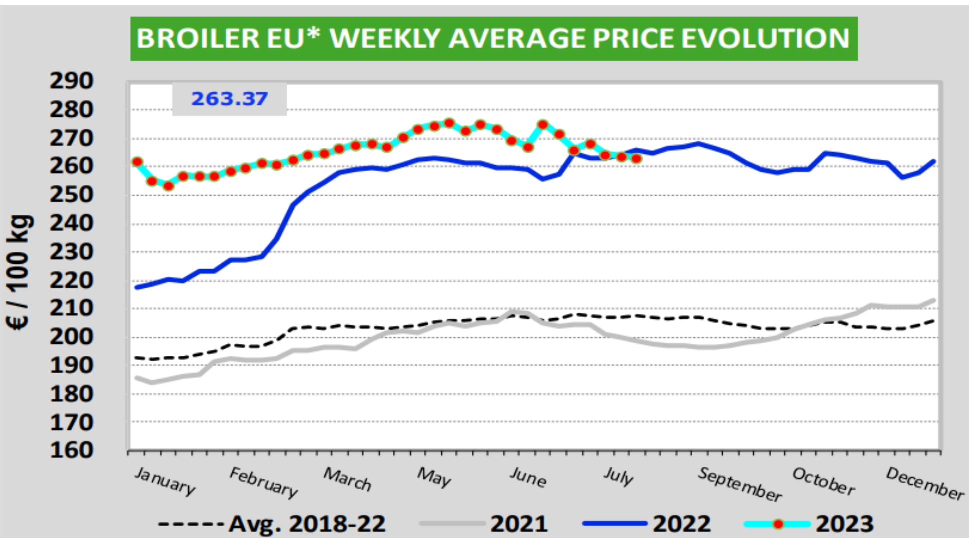
Turkey prices have now bottomed out & prices will continue to rise from September till December due to seasonal demand (concern is the migration of birds and avian influenza). Any AI outbreaks will severely affect price.

EU Poultry

The French government are set to release a vaccination program for all ducks to help combat avian flu, but this is yet to be confirmed.

This will mean that UK will not be able to import a vaccinated product bringing a massive stress to supply lines which in turn will result in suppliers looking to develop new supply chains with other EU countries, this is a developing situation and may result in some backtracking.

This could affect export to the UK at present suppliers are unsure on the impact to the UK the French have stated that they won't do anything that will affect export.



UK Game Season

We often get asked about game seasons and what is available when. It's well known that most game is only available during the autumn and winter but why and what are the dates.

The 'closed season' when shooting is not allowed is there to protect animals when they're breeding and rearing their young. Animals that are seen as pests or vermin such as rabbits, pigeons and muntjac deer have no closed season. These also breed all year round so it is impossible to define a single breeding season.

Birds

Red Grouse	12 August - 10 December
Partridge	1 September - 1 February
Pheasant	1 October - 1 February
Pigeon	No closed season

The game shooting seasons differ across England, Scotland, Wales and Northern Ireland, and the above can be used as a guideline for the three main species-specific seasons in the UK. **However, you should check before considering selections as variations and availability can occur especially if the animal is migratory.**

Free trade with Australia

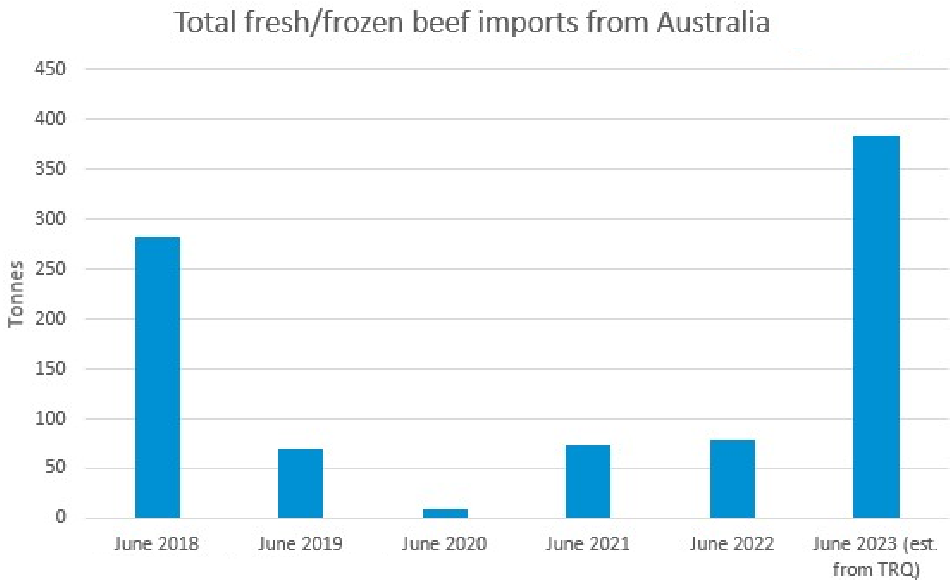
What has happened so far?

The TRQs (Tariff Rate Quota) allow Australian beef to enter the UK without paying for tariffs that would usually increase the cost of importing.

Under the new Free Trade Agreement, the current limit of beef imports (product weight) is 20,616 tonnes per calendar year (1 Jan – 31 Dec). This is split equally between First Come First Served (FCFS), and Allocated quotas. Allocated quotas are for large exporters with an allocated tonnage they can import and are based on the size of the company. FCFS quotas are non-allocated and fill up as and when. The total TRQ will continue to grow from 2023 to 2033, up to 110,000 tonnes.

From information since the start recorded shipments of Australian beef have totalled 384 tonnes under the new TRQ to the UK in the four weeks ending 26 June 2023.

This is 3% of the allocated quota, with 9,984 tonnes available to enter until 31 December 2023. Under the FCFS quota just under 41 tonnes have been shipped, with 10,267 tonnes available to enter until the end of the year. Looking at previous years, June imports of beef from Australia have averaged 103 tonnes from 2018 -22, making up 0.4% of the UK's beef imports in June. For comparison, we have imported an average of 15,400 tonnes from Ireland in the same period, 68% of our total imports in June 2022.



Australia’s production capacity

Meat and Livestock Australia (MLA) have updated their beef projections for the remainder of 2023 and beyond.

For the remainder of 2023, Australia’s cattle population is set to increase to 28.7m head, up 4% from 2022. Stocking rates are above long-term averages, as there is retention of females for rebuilding and restocking herds.

There will be a higher number of young cattle in 2024, as improved genetics allows for greater fertility in the breeding herd. A younger and more productive herd is set to drive production capabilities, as production is predicted to hit 2.2m tonnes in 2023 (carcase weight equivalent).

Slaughtering’s are set to reach 6.95m head, as slaughter levels sit consistently above weekly averages. Processing capacity is improving within the country, as it recovers from flooding and Covid 19 restrictions in previous years.

MLA predicts that slaughtering’s will increase by 43% from 2022 – 25, as production increases 37% during the same period.

That being said, labour and processing ability continue to weigh on capacity for production and outputs. The Department of Agriculture, Fisheries and Forestry (DAFF) notes that whilst there isn’t a direct shortage of labour in beef processing plants, processors are more likely to produce greater volumes of less processed products (more primals and bone in cuts), as higher throughputs come in and labour remains tight.

We may see this come into play in UK imports as Australian products ramps up over the coming years.

Avian influenza (bird flu) outbreaks update

Highly pathogenic avian influenza (HPAI) H5N1 has been **confirmed** at a second premises **near Fraserburgh, Aberdeenshire.** A 3 km Protection Zone (PZ) and 10 km Surveillance Zone (SZ) have been declared.

Highly pathogenic avian influenza (HPAI) H5N1 has been **confirmed** at a third premises **near Fraserburgh, Aberdeenshire.** A 3 km Protection Zone (PZ) has been 10 km Surveillance Zone

Highly pathogenic avian influenza (HPAI) H5N1 has been **confirmed** at a second **premises near Forfar, Angus**. A 3 km Protection Zone (PZ) has been 10 km Surveillance Zone

Highly pathogenic avian influenza (HPAI) H5N1 has been **confirmed** at a premises **Near Kirkcudbright, Dumfries and Galloway.** A 3 km Protection Zone (PZ) has been 10 km Surveillance Zone

Following **suspicion** of avian influenza at a Second premises **near Kirkcudbright, Dumfries and Galloway** a 10 km Temporary Control Zone has been declared

Final Thought

“You will either step forward into growth or you will step back into safety”