



# BIRTWISTLES

---

## *Market Report*

OCTOBER 2023



# *Market Report*

## OCTOBER 2023



Welcome to our Market report for October

### Key Points to Note

- Beef Overview Production/Trade/Input Costs
- Pork Overview Production/Trade/Input Costs
- Pork Population
- Lamb Overview Production/Trade/Input Costs
- UK/EU Poultry Overview
- Avian Flu Vaccination Update

Call 0161 776 1263  
BIRTWISTLES.COM



**BIRTWISTLES**  
Catering Butchers

# Market Report

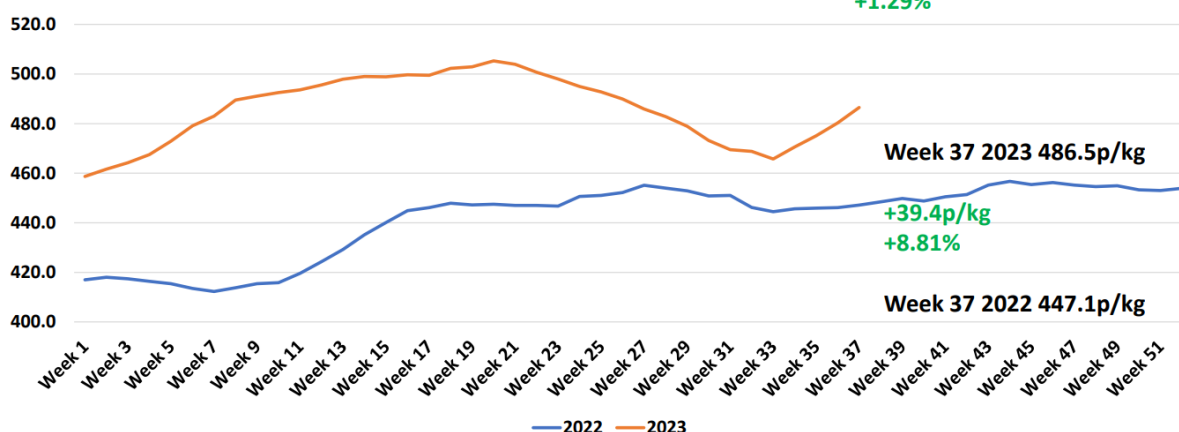
## OCTOBER 2023



## Beef Overview

We are again seeing increases with cattle ticking up again with an average of 4.70/kg. Demand for retail sales is moving to the more preferred Autumn cuts such as roasting joints, diced and steak meat with rib eyes being the biggest mover. This is also being reflected in foodservice.

GB Deadweight Prices - Steers  
Week 37 2023  
Source: AHDB MI



## Costs

Input costs remain elevated, as fuel and fertiliser costs have again increased throughout August. Growth in natural gas prices has driven the rising fuel and fertiliser costs, which could continue to grow into winter.

Feed & wheat prices have fallen from the historic highs of the previous 18-months, but continue to follow global markets, with small movements moving forward and back annually but is still very uncertain in the long term.

## Production and trade

Beef production was slightly down compared to last year but remained stable. Slaughter numbers reached the lowest for the year in August and were down against the same time last year which has kept markets overall firm.

Call 0161 776 1263  
BIRTWISTLES.COM



**BIRTWISTLES**  
Catering Butchers

# Market Report

## OCTOBER 2023



### Global Markets

#### South America - Brazil

Overall prices are currently stable. Beef production in Brazil has grown by 7% year on year for the first half of 2023, to a total of 4.1 million tonnes. This can be attributed to increased availability of cattle for slaughter, with 15.7 million head slaughtered in the first half of 2023 (+1.4million from 2022).

Higher feed availability has lowered feed costs, contributing to better margins for the cattle industry.

It is predicted that production levels will finish 2023 8% higher than 2022, with an additional 2% growth in 2024.

This allows increased opportunities for export, particularly into China. Brazil's main competitors – US, EU and **Argentina** – will be slowing their production, further enhancing the opportunity for Brazil to grow its beef production.

However, this may be contingent on the growth of Australian exports as noted below, as their production is expected to grow through to 2024, and the markets they may export to including the quota for the UK could compete with Brazilian exports so an interesting and developing area to keep an eye on.

Brazil's beef exports remain amongst the most competitive (volume wise) in the world, as exports to date (Jan – Aug) totalled 1.23m tonnes. This is a fall of 5% from the same period in 2022, as volumes to China fell by 8%, down to 719,000 tonnes for 2023. China remains the most important trading partner for Brazil, at 59% of its total export volume. The market share of exports to China has grown significantly since 2019, up from 23% to a peak of 60% in 2022. This is despite multiple challenges facing export into the Chinese market, such as waning consumer demand and trade interruptions from BSE cases in Brazil.

#### What does this mean for the UK?

Growth in Brazil's production is not likely to directly impact the UK. The UK has imported 13,700 tonnes from Brazil (Jan – July) this is compared to our largest trading partner of Ireland at 109,000 tonnes. Any interruption to trading dynamics for Brazil, such as further BSE cases, could shift the international beef markets. If denied or limited access to China, domestic stocks within Brazil could grow and require a new home on the international market.

#### Australia

Volumes have and are now regularly arriving as a result of the FTA (Free Trade Agreement) in place which currently has not been significant enough to impact UK beef due to lower throughputs.

Call 0161 776 1263  
BIRTWISTLES.COM



**BIRTWISTLES**  
Catering Butchers



# Market Report

## OCTOBER 2023



## Pork Overview

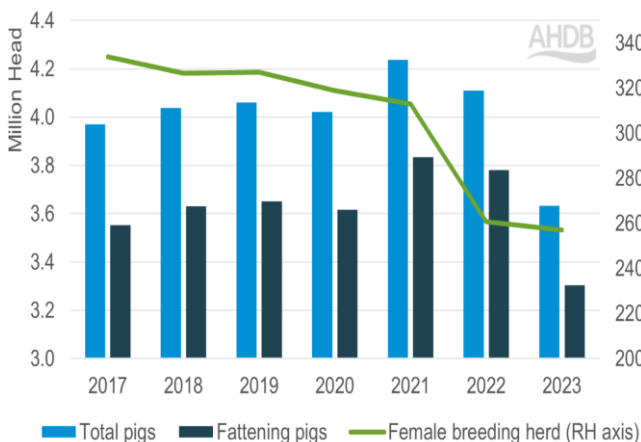
Reduced production, higher pig prices and lower consumer demand has led to a challenging trading marketplace for pig meat in the UK.

### Pig population: lowest in over a decade

- Total pig numbers at lowest level since 2011
- Pig numbers have fallen by almost half a million since June 2022
- The breeding pig population has remained flat year-on-year.
- In the latest Defra release the total pig population in England on 1 June recorded the lowest number for 12 years at 3.63 million head. This is an 11.6% decline year-on-year, nearly half a million animals (477,000). This is unlikely to come as much of a surprise to those in the industry, who are only just beginning to recover after **10 consecutive quarters of loss making**.

The drop in the total pig population has been driven by a substantial fall in the numbers of fattening pigs. Fattening pigs are at the lowest number since 2012, at 3.30million head, a fall of 12.6% compared to June 2022. This evidences the historically low slaughter throughputs and pig meat production volumes being seen in 2023 along with record prices.

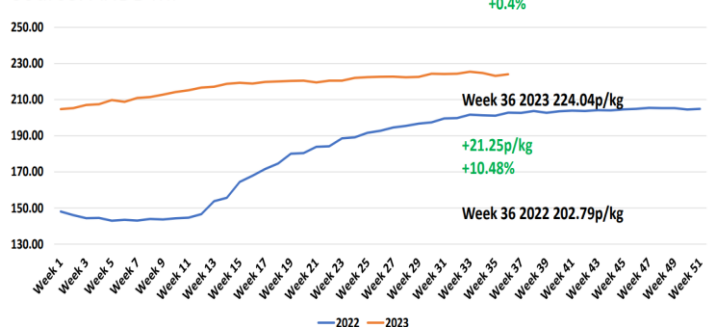
Although we do not expect to see the industry bouncing back to the heights of 2021 in terms of pig numbers, throughputs and production, if demand remains steady and producer net margins continue on a positive track from a mere +£22 a head then we can anticipate some welcome growth for pork farmers with pork finding a new and well earned level of pricing.



### GB Deadweight Prices – Pigs (APP)

Week 36 2023

Source: AHDB MI



### Weekly Price Movement

Week 36 2023 224.04p/kg

Week 35 2023 223.14p/kg

+0.90p/kg

+0.4%

Week 36 2023 224.04p/kg

+21.25p/kg

+10.48%

Week 36 2022 202.79p/kg

Call 0161 776 1263  
BIRTWISTLES.COM



**BIRTWISTLES**  
Catering Butchers

# Market Report

## OCTOBER 2023



## UK Lamb Market & Overview

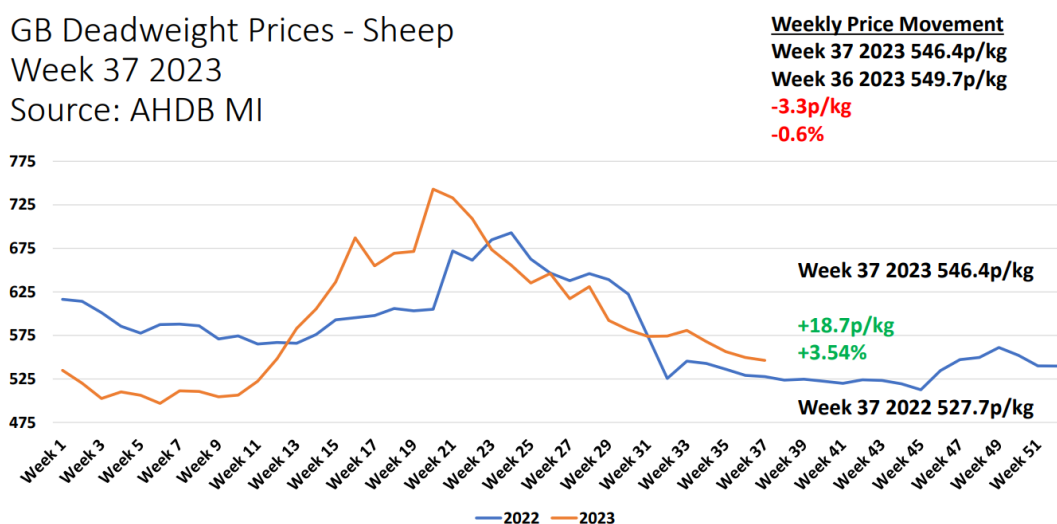
The deadweight prices sat at 570p/kg for August, down from July with prices peaking in the week ending 19 August to nearly 581p but have fallen in subsequent weeks up to September with larger throughputs and the onset of the UK lamb season now in full flow until the end of 2023 seeing prices averaging 546/kg.

Again, throughput will be driven by export demand to compensate for low sales in the UK which with prices reductions is still difficult to feature on menu's whilst maintaining margins for hospitality outlets.

UK Lamb will stay elevated although prices have eased due to processors limiting numbers outside of retail for food service and taking advantage of a strong export demand. Currently UK Lamb Saddles are in high demand from the EU with retail promotions which has kept the price firm and compensating for low demand on legs, export trade for Lamb Fores is entering its peak with both the demand on saddle and Lamb Fores putting pressure on shoulders and all associated cuts as we enter Autumn. Saddles and associated cuts such as chops, and lamb racks again historically Autumn dishes will stay inflated due to short UK supply along with lamb shanks which will be left on legs for exporting as haunches.

The Imported market is showing no indication of changing for the immediate future.

GB Deadweight Prices - Sheep  
Week 37 2023  
Source: AHDB MI



## Costs

As with beef and pork Input costs remain elevated for all the same reasons.

Call 0161 776 1263  
BIRTWISTLES.COM



**BIRTWISTLES**  
Catering Butchers

# Market Report

## OCTOBER 2023



### Production and trade

Sheep meat production for August sat at 24,000 tonnes, with growth on the month due to higher slaughter levels. Slaughter sat 12% higher than July's levels, boosting overall production, as carcase weights remained stable. Production is up 3% compared to August last year.

Looking into trade, imports grew slightly to 5,200 tonnes from the levels a month earlier but fell slightly from last year. Imports remain suppressed in the year-to-date (Jan – Jul), down almost a third from the same period in 2022. Exports of sheep meat totalled 5,300 tonnes, down 1,500 tonnes from June, as fewer shipments went to the EU 27. However, looking at year to date, exports are up 4,500 tonnes from last year, with growth to France and Germany being driven partly by religious festivals.

Call 0161 776 1263  
BIRTWISTLES.COM



**BIRTWISTLES**  
Catering Butchers



# Market Report

## OCTOBER 2023



## Poultry

**UK** supply has been constant in remaining firm with UK demand from foodservice still strong. Supply is still meeting demand and thigh meat & wings have remained very prominent.

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

### Poland remains largest poultry producer in the EU

In the first half of 2023, Poland produced 1.6 million tonnes of poultry, which is 7% up compared with the previous year. The positive trend is forecast to continue, but risk factors are still a concern.

Considering current market conditions, including consistently strong export demand, high internal consumption – partly thanks to Ukrainian citizens – and the competitiveness of poultry against pork, an increase in poultry production can be assumed throughout 2023. Poland will also remain the largest producer of this meat in the European Union.

However, certain risks will also persist during the year, including still relatively high production costs and possible bird flu outbreaks during the autumn and winter months ahead being a big concern.

At a time when the poultry industry is facing the challenge of new EU regulations arising from the Farm to Fork Strategy – particularly relating to animal welfare and the fight against climate change - the EU is experiencing increased competition from third countries that are producing poultry meat with lower standards.

Increased third country imports and the EU's approach to sustainability with the vast majority of poultry meat imports from third countries still coming from exporters in Brazil and Thailand, the only two major global producers that have not been affected by avian influenza in commercial flocks. Imports increased again in 2022 and 2023 following the disruptions caused by COVID-19 and its impact on the food services sector. Setting aside the drop in imports from the UK, imports from other third countries have shown double-digit growth, and this could accelerate further. A concern is the general trend of import developments, not least considering the upcoming wave of animal welfare and climate regulations, which will further increase the standard of European poultry, along with the cost of production. If these additional requirements are not applicable to imported poultry meat, production in the EU will be displaced by imported poultry meat that is produced to lower standards. In order to meet the aims of EU policy on sustainable production it essential that all poultry meat consumed in the EU is produced under the same set of rules relating to animal welfare and the climate.

Call 0161 776 1263  
BIRTWISTLES.COM



**BIRTWISTLES**  
Catering Butchers



# Market Report

## OCTOBER 2023



### Avian Flu Update

Vaccination, a solution?

The issue of an influenza vaccination is a complex one. It is not the solution, but a complementary tool for combating the disease. Today's thinking is not the same as it was in the past because the situation has changed.

The disease is now present everywhere in the world, and even if Brazil has still managed to avoid contamination in commercial farms, it has reshuffled the cards in terms of trade flows.

**France** will start vaccinating ducks from autumn 2023 with the aim of actively fighting the disease after being severely affected and still recovering from the biggest outbreak it has seen in 2022.

This is a pioneering, full-scale test that will undoubtedly reassure trade, but the risk of another large-scale outbreak is still the biggest threat.

### Final Thought

***“If It Doesn’t Challenge You, It Won’t Change You”***

Call 0161 776 1263  
BIRTWISTLES.COM



**BIRTWISTLES**  
Catering Butchers